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Multi-year funding framework

Multi-year funding framework report on UNDP performance and results for 2004*

Summary

The report on UNDP performance and results for 2004 responds to decisions 2004/1 and 2004/20 requesting UNDP to report on the implementation of the multi-year funding framework (MYFF) for 2004-2007. The report aspires to provide a rigorous and balanced analysis of the effectiveness of UNDP contributions to development results in programme countries. It contains performance information that will enable the Executive Board to monitor, assess and give guidance on strategic objectives such as programme focus, programme positioning and results; the coordinating role of UNDP; organizational strategies; and expenditures to achieve the objectives of the MYFF. The report is based on an analysis of country office results reports combined with findings from such sources as the partnership survey, the global staff survey, the 'balanced scorecard', and audit and evaluation reports.

Elements of a decision

The Executive Board may wish to take note of the report and endorse it as a thorough analysis of UNDP performance and results during the year 2004. In particular, the Board may wish to acknowledge the strides the organization has made to improve strategic focus and responsiveness to country demand.

Further, the Board may wish to consider the main messages of the report as a basis for discussing achievements and challenges. The Board may also wish to specify follow-up actions based on the main messages contained therein.

*The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present document.

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Annex 1. Analysis by service line, at http://www.undp.org/execbrd/pdf/service_lines.pdf

Annex 2. Sources, measures and corroboration of data, at http://www.undp.org/execbrd/pdf/corroboration.pdf

Annex 3. Breakdown of expenditures, at http://www.undp.org/execbrd/pdf/expenditures.pdf

I. Introduction

A. Background and context

1. At the first regular session of the Executive Board in January 2004, UNDP presented detailed proposals on a reporting mechanism and framework for the second MYFF (2004-2007). In its decision 2004/1, the Executive Board appreciated the "strategically designed approach to the results-oriented annual report (ROAR)" that formed the basis for the proposals for reporting on the MYFF. The Board further requested UNDP, through the report, to "provide member states with a factual analysis of development effectiveness of UNDP activities and the institutional effectiveness of the organization".

2. In its decision 2004/20, made at the annual session of the Executive Board in June 2004, the Board adopted the joint UNDP/UNFPA/UNIFEM proposal for harmonized reporting, under which reporting to the Board in 2005 would consist of a mid-term report on the MYFF, providing an opportunity to assess progress in achieving MYFF objectives, establish baselines against which results could be tracked, and review how the results achieved contributed towards achievement of the Millennium Development Goals (MDGs). UNDP informally presented an illustrative mock-up of the annual report at the second regular session of the Board in September 2004 that was well received by Board members.

3. In response to the decisions mentioned above, this document presents a report on UNDP performance and results for the year 2004. Reflecting a 'pyramid' approach to reporting that presents information at different levels of detail for different purposes, the report describes the key messages and conclusions on performance that emerge from analysis of country office results reports and other data on activities in 2004. Chapters I, II and III of the report provide analysis against strategic indicators of performance. Chapter IV provides qualitative and nuanced analysis of results by practice. A summary of results in building organizational capacities, promoting efficiency and enhancing accountability is presented in Chapter V, while aggregate information on the use of financial resources is contained in Chapter VI. More detailed analysis by service line is available electronically for interested delegations in the form of annexes to the report. The structure of the document therefore enables audiences to either read the report in its entirety or select segments for specific attention. The organization and presentation of analysis is described more fully in Chapter II, section C.

4. The internal transformation of UNDP from a process-based organization to one focused on optimizing its contributions to development change at the country level has been the subject of review and discussion on several occasions with the Executive Board. Since the approval of the first MYFF in 1999, UNDP believes that much has been achieved in sharpening the focus of the organization and introducing results-oriented programming methods and instruments. In advancing this approach, where UNDP is acknowledged as a lead exponent of current thinking,[1] the organization has benefited immensely from dialogue with external partners and from the support and guidance of the Executive Board. Internally, much energy has been devoted to strengthening in-house capacities and systems to directly support the achievement of results. Partly as a reflection of a belief and confidence that a clear basis has been laid throughout the organization for managing for results, UNDP has invited the Executive Board to assess it for its contribution to achieving MYFF objectives. In that sense, in addition to articulating the strategic objectives of UNDP, the second MYFF is intended to serve as an instrument to enhance corporate accountability to the Executive Board.

5. UNDP believes that this report, as well as the implications for action by the Board and UNDP management, should be seen in the context of the changing landscape of development cooperation highlighted by two recent developments. First, the recent issuance of the report of the Secretary-General, *In larger freedom: towards development, security and human rights for all,* which outlines his plans for tackling current global

[1] External assessments of UNDP progress in managing for development results are a source of great encouragement. The Department for International Development (DFID - United Kingdom) recently carried out an assessment of the organizational effectiveness of 23 multilateral organizations, and UNDP got the highest scores. DFID cited UNDP as one of two United Nations development organizations (the other being the United Nations Population Fund) that have done well after carrying out 'big bang' reforms as part of the wider United Nations reform process. It achieved an overall average of 94 per cent on a results-based management system for assessing organizational effectiveness.

challenges, including the reduction of global poverty, through reform of the United Nations. This, closely following the report of the Millennium Project, has invigorated the debate on poverty reduction and international development cooperation, and focused attention on the MDGs at both global and country levels. Leading up to the Global Summit in September of this year on the five-year review of the MDGs, the Millennium Project report delineates in precise terms an action plan for achievement of the MDGs. Since the MDGs form the overarching vision for UNDP activities under the MYFF, the conclusions of the two reports and the subsequent debate are especially pertinent for the organization. Second, the recent Paris Declaration on Aid Effectiveness has reconfirmed and provided a statement of greater political commitment to the principles of country ownership, alignment, harmonization, results and mutual accountability that underlie the MYFF and broader United Nations reform efforts. Viewed in conjunction with the considerable opportunities presented by increasing official development assistance, the increasing role of the private sector in development, and burgeoning South-South cooperation, UNDP can build on these trends to drive forward United Nations reform at the country level in support of country priorities.

B. Main messages

6. ***Message 1.*** **The Millennium Declaration and MDGs are the basis upon which UNDP plans and implements its pro-poor work across all its practices. Major achievements in this area encompass advocacy and mobilization of a wide range of partners, as well as MDG country reporting and poverty monitoring. However, the organization needs to better link its MDG related monitoring and advocacy with UNDP influence on policy formulation.**

7. The MYFF for 2004-2007 derives its overarching vision from the Millennium Declaration and the MDGs and provides the basis for UNDP support to countries as they pursue the Goals. UNDP has used the galvanizing effect of the MDGs to build on progress made over several years, expressed through both its programmes as well as in its capacity of managing United Nations system support to the MDGs. Partners overwhelmingly associate UNDP with the MDGs, with 98 per cent observing that UNDP plays an active role at the country level.

8. Behind these perceptions are several dimensions of activity. The MDG country reporting and poverty monitoring service line showed the greatest country demand and concentration of support of any of the 30 UNDP service lines. Fully one quarter of all UNDP support to reducing human poverty was devoted to this line of work, and 43 country offices cited results produced in this area as critical to national development priorities. Close to half of all intended outcomes under MDG reporting relate to building statistical and analytical capacities for MDG reporting; the rest comprise advocacy work through preparation of NHDRs (NHDRs) and promoting national dialogue on development issues. This reflects the nature of country level work required in the early stages of operationalizing the MDGs.

9. One implication of this has been the relative diminution of activities relating to provision of policy advice on poverty reduction strategies and strategy papers (PRSPs). This trend is likely to change as UNDP focuses increasingly on identifying the policy implications of linking poverty reduction strategies to the MDGs. Indeed, pursuing the linkage between poverty reduction strategies and the MDGs is now at the crux of United Nations Country Team (UNCT) efforts to strengthen their influence on PRSP processes and the way common country assessments (CCAs) and the United Nations development assistance framework (UNDAF) relate to these strategies. In applying the UNDAF, UNDP country offices played a lead role in contributing to United Nations efforts through poverty monitoring, continued integration of the MDGs into national strategies, linking the MDGs with cost analysis, and localizing and scaling up MDG-based development initiatives at the country level to accelerate progress towards national MDG targets.

10. The multidisciplinary character of UNDP positions it strongly to help realize the ambition of the Millennium Declaration and the MDGs as a set of interrelated goals. This allows UNDP to use its strengths and abilities to craft cross-practice interventions, exploiting the positive synergies thus produced. Country office results reports show valuable synergies between its work in environment and poverty reduction, especially in pursuing the linkages between frameworks for sustainable development and pro-poor policies. Similarly, institutional strengthening in the area of HIV/AIDS relies heavily on coordination with ongoing work in governance, mobilizing key national actors from government, civil society and the private sector.

11. *Message 2.* **UNDP is uniquely positioned to support the reform process of the Secretary-General and bring better coherence to the United Nations system at the country level. Building on its status as the principal development institution of the United Nations system,[2] UNDP contributed to significant progress towards programmatic coherence during 2004, though rationalizing the United Nations presence at the country level has proved more difficult to achieve. The approach of UNDP to coordination is increasingly outward-looking and tied to the broad trend towards harmonization and alignment to national priorities around the MDGs. Findings from 2004 suggest that UNDP needs to be more proactive in adopting a human rights-based approach in its work.**

12. In 2004, changes were introduced in virtually every aspect of programme procedures and cycles. Guidance and agreements were introduced in a range of areas, including: (a) formulation of common country assessments and UNDAFs; (b) joint programming; (c) innovations in the use of multi-donor funding; (d) common country programming processes for the United Nations Executive Committee agencies; and (e) meeting the challenges of conflict and post-conflict environments. Moreover, the piloting of the joint-office model may presage major reforms in the future. The introduction of common services in 2004 has become mandatory at the country level, and United Nations funds and programmes have relocated to shared premises in 60 countries, seeking to maximize potential efficiencies and savings. The combination of these changes is helping to improve the coherence of United Nations system programming at the country level.

13. Repositioning the United Nations system at the country level to provide effective support to national poverty reduction strategies – the principal vehicle for translating national priorities into a coherent programme – has emerged as a core challenge for the United Nations Development Group (UNDG), chaired by UNDP. The Millennium Project has pointed to a key dimension of this challenge, namely to establish an MDG framework around the poverty reduction strategy process. The challenge of promoting national ownership and supporting its expression through national poverty reduction strategies requires a major focus on capacity development, the United Nations' most critical contribution to the simplification and harmonization agenda. UNDP is at the forefront of discussions on the role of the United Nations in crosscutting national capacity.[3] Capacity development is critical to national ownership and aid management; to enhancing the absorptive capacity of programme countries; and to both scale and replicability as central elements of the vision behind the MDGs. UNDP further sees the promotion of a human rights-based approach through its country-level support as important in itself but also as a means to bring substantive coherence to UNCT responses to national development needs. The findings of this report suggest plainly that much remains to be done by the organization on this count.

14. To deliver on the above, increasing the capacity of the resident coordinator system and improving UNDP stewardship remain critical. Through UNDG, significant resources and effort have been invested in transforming the selection process of resident coordinators and widening the system-wide pool from which resident coordinators are drawn. Mutual performance assessments strengthen the country team concept and the promotion of shared responsibility as an essential component of a credible, effective and transparent resident coordinator system.

15. *Message 3.* **The UNDP results framework is helping the organization to promote strategic focus, improve quality of support and respond better to country-specific demand in a more accountable and transparent manner. The MYFF helps the organization to align behind strategic priorities and to direct organizational capacities, expertise and resources in support of development results where they matter most, and in a way that builds on the strengths of the organization. In doing so, the framework provides the basis for judging performance and exercising accountability that extends beyond the efficient use and protection of the assets of the organization into measuring the UNDP contribution to development results. This helps bring into view and apply a broader notion of accountability and transparency, and foster a results-based culture, internally as well as vis-à-vis external stakeholders. Nevertheless, while the framework is proving to be an effective management instrument, it is subject to continuous refinement based on lessons learned, including those arising from the findings of this report.**

[2] A/59/2005: *In larger freedom: towards development, security and human rights for all.*

[3] This was reiterated in General Assembly resolution A/59/250.

16. Results information indicates that organizational focus is strong: more than 99 per cent of country programme outcomes are consistent with the MYFF service lines, while 92 per cent of programme expenditures have been associated with intended outcomes falling within the framework.

17. UNDP programme directions provide for responding effectively to country demand. Results reported for the first time under the MYFF 2004-2007 validate these directions. Over 90 per cent of country programmes concentrate their efforts in poverty reduction, democratic governance, and energy and environment practices; 71 per cent of country programmes are active in the newly introduced area of responding to HIV/AIDS; and 59 per cent of all programmes are active in crisis prevention and recovery.

18. Country offices continue to improve the quality of their programmes by: (a) focusing on selected priorities, with each country office on average concentrating on just 10 of a possible 30 service lines available in the framework; and (b) pursuing alignment with key national development priorities and instruments. Although there are instances of weak alignment explained by such factors as changes in political context, poorly framed country programme outcomes or a lack of coherent national development priorities, the overall improvement in quality and relevance of programmes is evident through the above-mentioned measures and through feedback from partners.

19. To sustain and deepen this progress, in 2004 the organization continued to align capacities and resources with strategic programme priorities and in support of drivers of development effectiveness. The transformation of UNDP into a practice-based organization was set in motion by the Business Plans of the Administrator for 2000-2003 and now enables effective learning, knowledge exchange and comparative policy advice. The poverty reduction, democratic governance, energy and environment, and crisis prevention and recovery practices each represents a community of 1,000 practitioners or more. Implementation of the practices throughout the organization was assisted by a practice experience map, a database of the levels of knowledge of all staff members in the practices and various management areas. 4,400 staff members have mapped their practice experiences to date. Web-based practice workspaces, as well as growing engagement in cross-practice work, illustrate further developments in practice implementation during 2004.

20. The presentation of this document to the Executive Board as a 'report card' on the effectiveness of our contributions to development results in programme countries is a step towards greater transparency and accountability for results that is at the heart of the results based transformation of UNDP. Internally, this objective is being addressed by incorporating results principles in planning, monitoring and assessment instruments consistently and at all levels. Introduction of the Atlas system has enhanced financial accountability by enabling better internal controls and risk management in finance, procurement and the use of audit. And a new quality assurance function and investments in the professionalization of staff are helping build a transparent, accountable organizational environment.

21. As evidenced by the above, successful implementation of the MYFF is contingent on the alignment of the organization behind strategic priorities defined in the UNDP results framework. At the same time, the framework is sufficiently flexible to incorporate and reflect country-level priorities and demands as they evolve. While recognizing achievements, UNDP acknowledges room for continuous improvements in concepts and methodologies embedded in the framework. This has been borne out by both the conduct and outcome of the analysis. Indeed, several issues have emerged that require further attention as part of the continuous refinement of UNDP directions and strategies (presented in Chapter II of this report).

22. ***Message 4.*** **The six drivers of development effectiveness are cross-cutting core values of UNDP and serve as the vehicle for the organization to contribute to development effectiveness that is sustainable at the country level. Taken together as an interlinked set they bring coherence to support at the country level and, for UNDP to be effective, they require equal attention. Findings from 2004 confirm that the transformation of recent years has made UNDP more partner-oriented and better able to influence policies for human development. There also appeared to be a positive association between national capacity development and national ownership. The reliance on South-South solutions was relatively modest, while findings also indicate that more work is needed to promote gender equality effectively across the full range of UNDP support to national development (the promotion of gender equality is discussed further in message 5, below).**

23. The extent to which UNDP promoted the drivers in 2004 reflects the energetic reforms of the past five years, which were initially introduced by the Administrator through the Business Plans. Analysis of all UNDP results through the prism of drivers – in particular the drivers of fostering partnerships, influencing policy, promoting national ownership and building national capacities – reaffirms the UNDP transformation into a partnership-oriented and policy-linked organization. At least 75 per cent of all UNDP results were achieved by emphasizing these four drivers. More than half of all results were achieved with a significant emphasis on fostering partnerships and influencing policy. Furthermore, analysis underlined that UNDP support to national capacities is an important factor in promoting national ownership.

24. Overall, these findings portray an organization that has improved its positioning vis-à-vis national governments and policy makers, as well as in relation to its strategic partners. Positive changes in the UNDP resource envelope also reflect these developments to some extent. However, while these changes have been manifest, new challenges face the organization. The trend towards increased official development assistance means that the energy that went into improving both the funding situation and positioning of the Organization must now be matched by an enhanced capacity to implement and deliver on its commitments in support of programme countries.

25. Notwithstanding these achievements, UNDP needs to attach equal and sustained attention to the promotion of all the six drivers. Further effort is required to emphasize South-South solutions and promote gender equality. UNDP should also examine more closely, and make better use of, the synergies between drivers.

26. ***Message 5.*** **Promoting gender equality is a top corporate priority for UNDP and elicited significant management initiatives during 2004. Building on accumulated achievements in specific initiatives, but also learning from past weaknesses in performance, the organization has raised the level to which all programmes should emphasize gender equality by viewing it as a driver of development effectiveness cutting across all programme areas. This has enabled – for the first time in such a systematic manner – all UNDP work to be assessed for the extent to which gender equality is being promoted. Analysis of 2004 results reveals that specific efforts to promote gender equality registered some impressive achievements. However, when examined across the board, the extent of the remaining challenge is very clear.**

27. Stringent new criteria have been introduced both to guide the setting of strategic priorities to promote gender equality and to examine the extent to which it is promoted in practice. Having set the bar at a very high level of expectation, this first year of analysis against the new criteria reveals that the promotion of gender equality lags behind the emphasis on other UNDP contributions to development effectiveness. Fully one half of results pursued by country offices across the practices placed a low emphasis on gender equality as specifically defined by UNDP gender advisors.

28. While this new approach helps to shed light on the extent of the challenge ahead, it does not detract from the achievements of UNDP during 2004. Analysis of performance across the practices and in all regions reveals notable achievements in, for example, gender-sensitive budgeting, gender equality legislation, women's representation in public discourse. In some instances, UNDP support has created benign spin-offs. This is the case where MDG reporting and poverty monitoring has resulted in gender-sensitive policy formulation and institutional capacity development. In recognition of achievements at the country level, partnership survey and other third-party feedback suggests that UNDP is already viewed as a critical partner in promoting gender equality.

29. UNDP management continues to reinforce the importance of gender equality in its work. The gender unit was relocated to the directorate of the bureau responsible for development policy. Moreover, analyses of performance and results by the regional bureaux continue to focus on gender equality to help UNDP evolve its managerial responses to this priority on a region-by-region basis. To that end, findings on the extent to which UNDP promoted gender equality towards every intended outcome for the first time makes available a comprehensive baseline for future efforts. The combined – and balanced – impression is of an organization proactively innovating approaches and deepening efforts to make gender equality a first-order driver of development effectiveness.

30. ***Message 6.*** **Reducing human poverty continues to be the most prominent area of UNDP support, with activities in virtually every programme country, and accounts for around one out of every three intended outcomes at the country level. As described in message 1 above, anti-poverty efforts around the MDGs have provided momentum to initiatives under this practice, in particular in monitoring, reporting and advocacy for poverty reduction. A diverse mix of local-level initiatives constitute the other major area of UNDP work in this practice, among which microfinance appears to be the most coherent and the most clearly linked to national policy. The overriding corporate objective of poverty reduction, and the realization that the fight against poverty requires coordinated initiatives across the practices, appears to have sparked a number of cross-practice programmes, notably those seeking to gain from poverty-environment and poverty-governance synergies. Work remains to be done in better linking ongoing activities to policy change.**

31. Country office results reports for 2004 confirm that poverty reduction (along with democratic governance) continues to form the core of UNDP support and fundamentally defines its profile. This is borne out by data on country demand and concentration of support that shows that the poverty practice is active in almost every country receiving UNDP support. Four of the 10 service lines considered by UNDP offices to be most critical to national development objectives fall within the poverty practice. Effectiveness in achieving results at the country level is further reflected in the fact that the *lowest* rate of achievement of annual targets for any service line belonging to this practice was still 87 per cent. In fact, three of the top 10 service lines in terms of fully and partially achieved targets come from the poverty practice, namely MDG country reporting and poverty monitoring, pro-poor policy reform to achieve MDG targets; and local poverty initiatives, including microfinance. This is mirrored in partner perceptions: 91 per cent consider UNDP to be a critical partner in poverty reduction.

32. In poverty reduction, there has been major growth in support on MDG reporting and monitoring, growing out of the recent high-priority campaign to help countries produce MDG reports. Advocacy and raising awareness, most visibly around the MDG reports and NHDRs, have also been important aspects of UNDP's work in this Practice. Notwithstanding a number of creative and innovative programmes, the relatively weak linkage between advocacy efforts and influence on poverty reduction strategies, and the slower progress on providing policy advisory services is of some concern. The ability to exert policy influence is, however, likely to improve with a greater focus on identifying the policy implications of linking poverty reduction strategies to the MDG framework.

33. ***Message 7.*** **Fostering democratic governance continues as the second-largest UNDP thematic practice area, and it continues to grow. Having strengthened its profile as a leading provider of governance support, UNDP is well suited to facilitate broad-based dialogue and building democratic institutions for addressing poverty. Building on its attribute as a neutral broker, UNDP support, within the democratic governance practice, can prove to be valuable in sensitive areas such as justice and human rights, and support to parliaments and elections. This is borne out by the rapid growth in demand in these service lines by programme countries. The democratic governance practice accounted for fully 45 per cent of total programme expenditures in 2004. The analysis of the practice also points to specific areas where UNDP can contribute more effectively to intended outcomes.**

34. Country office results reports underscore that UNDP is strongly positioned as a lead agency supporting democratic governance for poverty reduction. One reason for this strength lies in its ability to establish and promote national dialogue on key development issues. Country office results reports and feedback from partners indicate that UNDP provides an indispensable platform to bring together relevant actors from across the development spectrum. This is partly a result of the multidisciplinary mandate of the organization, but also derives from its convening power as country level coordinator of United Nations development activities. The importance of this role is reconfirmed by the fact that policy support for democratic governance was among the 10 service lines that did the most to promote each of six drivers of development effectiveness. This indicates that results produced in this area emphasized – most frequently and to a high degree – forging partnerships, creating an enabling policy environment, developing national capacity, and supporting national ownership. Three of the top 10 service lines in terms of fully and partially achieved targets come from the democratic governance practice: policy support for democratic governance, parliamentary development, and public administration reform and anti-corruption initiatives.

35. Reflecting the evolving nature of country demand, an analysis of actual interventions shows that the relative importance of UNDP work within the democratic governance practice is changing. For example,

UNDP is being increasingly called upon to provide support in sensitive areas where its neutrality is an asset, such as justice, human rights, and support to elections and parliaments. Demand for support decentralization and local governance continues to be strong.

36. On the downside, results in democratic governance sometimes evidence a piecemeal approach that does not capture the complexity and comprehensiveness of interventions. For instance, programmes of devolution, decentralization and local governance are not often accompanied by pro-poor fiscal policies that would share the fiscal revenue and the tax-collection authority to make local governments financially viable. Across the service lines under this practice, UNDP needs to take inspiration from the democratic values and governance commitments enshrined in the Millennium Declaration, and better reflect the cross-practice and cross-sectoral synergies that this implies.

37. ***Message 8.*** **UNDP is the lead agency in providing universal country-level support on energy and the environment, cutting across MDG 7 and whole MDG spectrum. Developing countries continue to demand UNDP services, with more than 90 per cent of countries across all regions engaged in managing energy and the environment for sustainable development. As an example of cross-practice integration, 2004 achievements showed outcomes incorporating energy and environment concerns in poverty reduction strategies in over 100 countries. Two other features of work under this practice were discernible: (a) progress in incorporating biodiversity concerns into national legal frameworks, and (b) the significant transboundary dimension of UNDP work in water governance. Among areas identified where UNDP needs to focus more sharply is the delivery of sustainable water and energy services at the community level, despite large-scale efforts in both areas at the policy level.**

38. Demand for UNDP services under the energy and environment practice was high, with 128 countries seeking support from the organization in 2004 for the implementation of multilateral environmental agreements. Work under the service line 'frameworks and strategies for sustainable development' accounted for the second-highest level of country demand as well as concentration of work undertaken among the 30 service lines. The significance of this concentration comes into sharp relief when the links exhibited between support under this service line and poverty reduction efforts are taken into account. More than 100 of the 139 country programme outcomes pursued during 2004 under this service line specifically address the link, including the integration of environmental concerns into poverty reduction efforts. This reflects the mutually reinforcing relationship between poverty reduction and environmental sustainability and is indicative of a concerted effort to link energy and environmental considerations to responses to the MDGs. Such cross-thematic treatment of the MDGs is possible, in part, because of UNDP's multi-sectoral character and, in keeping with this comparative strength, the practice dedicated much effort in 2004 to deepening 'cross-practice' interaction.

39. Achievements under this practice reflected the changing character of development cooperation by deepening interactions for sustainable development at the supra-national level. UNDP collaboration with the Global Environment Facility (GEF) has given notable impetus to these efforts, with transboundary initiatives on such matters as biodiversity, international waters and climate risk-assessment featuring prominently. Moreover, the integration of security considerations related to dialogue on, and the management of, natural resources has become an important dimension of UNDP work, with the organization enhancing internal network arrangements and expert capacity to provide a coherent response to the growing set of needs of this type. Such changes are considered timely: country office results reports for 2004 suggest a discernible shift from policy-related work and awareness building at the international level to practical initiatives on the ground.

40. UNDP continues to fall short in supporting the accessibility of water and energy services at the community level. Access to this basic resource opens a pathway to poverty reduction and the realization of the MDGs. The agreements reached at the World Summit on Sustainable Development (WSSD) called for more support for effective water governance and greater access to energy services as means to meet the MDGs, and in particular the poverty reduction goal.

41. ***Message 9.*** **The interrelationships between peace, security and development are becoming apparent in UNDP work across the practices. This is in part due to the mainstreaming of crisis prevention and recovery approaches into programmes supported by the organization. The crisis prevention and recovery practice itself is characterized by support to preventing conflict, reducing the impact of disaster, creating a safe and secure**

environment for development, and supporting early, rapid recovery from crisis. Last year, more than half of UNDP programme countries requested support in preventing or coping with crisis by mobilizing resources, developing partnerships, or working with national partners to carry out on-the-ground development initiatives. Findings suggest that the results achieved with UNDP support can be sustained through greater emphasis on the drivers of development effectiveness.

42. With an organizational presence before, during and after crisis, UNDP is well positioned to bring together the humanitarian relief, development and peacekeeping communities. In addition to facilitating coordination in specific country contexts, 2004 saw UNDP supporting a number of interagency initiatives designed to promote common approaches. These included work with the United Nations Department of Political Affairs (DPA) to promote democratic dialogue as a conflict prevention approach; collaboration with Department of Peacekeeping Operations (DPKO) to develop international norms and standards for demobilization, disarmament and reintegration of ex-combatants; work with the World Bank on developing a post-conflict needs-assessment methodology designed to help national authorities, civil society organizations and international donors coordinate their analysis and response to a country's post-crisis recovery needs; assistance to the establishment of international norms for marking and tracing small arms and light weapons; and contributions to the development of guidelines on armed violence and poverty reduction. UNDP engagement in such initiatives is likely to grow. As the chair of UNDG and coordinator of UNCTs, UNDP is ready to take the lead in helping the international community develop harmonized, simplified approaches to conflict prevention, peacebuilding, transitional recovery assistance, and disaster risk reduction.

43. UNDP support to national partners in 2004 was extensive, and included peacebuilding and conflict transformation approaches through inter-tribal dialogue processes and cross-line peace meetings. To foster recovery from conflict in Liberia, UNDP linked community reintegration activities to the establishment of local governance mechanisms. In communities across Bosnia and Herzegovina, UNDP launched weapons registration and destruction programmes to reduce the surplus of small arms. In Iraq, UNDP provided training to senior management and support in developing a national strategy for mine action. In Mongolia, UNDP assisted the Government in drafting legislation designed to mitigate the impact of natural disasters. These and other instances of UNDP support illustrate how the organization helped countries confront and transform environments – both within and beyond borders – where instability, insecurity and conflict threaten to undermine development and perpetuate poverty.

44. Notwithstanding solid rates of achievement of annual targets in 2004 (averaging 90 per cent), country office results reports suggest that one of the highest priorities for the conflict prevention and recovery practice over the next few years will be to standardize work through better promotion of the six drivers of development effectiveness. Greater emphasis on the drivers will help ensure that UNDP support to conflict prevention and recovery yields results of lasting value to national counterparts.

45. ***Message 10.*** **The HIV/AIDS practice focuses on building capacity for a multi-sector response that addresses HIV/AIDS as a development challenge requiring urgent action. Country demand for UNDP services under this practice has grown; rates of achievement in 2004 were high, and 80 per cent of partners recognized UNDP as a critical actor. This justifies the establishment of HIV/AIDS responses as a distinct practice within UNDP. Performance findings nevertheless point to significant challenges, including the need to deepen country responses to the epidemic and to scale up efforts.**

46. UNDP supports the implementation of multi-sectoral strategies that mobilize key national actors, including governments, civil society and the private sector, to address the root causes of the HIV/AIDS pandemic. Demand for UNDP support under the HIV/AIDS practice nearly doubled, with close to 100 countries reporting progress in 2004. This trend mirrors the rapid expansion of the epidemic across all regions, with mounting economic and social consequences.

47. Country office results reports indicate a good emphasis on all the drivers. This reflects the need to take an integrated approach to the pandemic that is nationally owned, country-led, and focused on developing capacities of government and civil society to respond effectively. The two most active service lines, 'development planning and implementation' and 'leadership and capacity development', were among the top 10 performers across all practices.

48. 2004 witnessed greater country coverage and scaling-up of national action on HIV/AIDS across all regions, with the largest concentration of responses in Africa, where the pandemic is most advanced. In low-prevalence regions, the HIV/AIDS response centres on breaking the silence and advocating for HIV/AIDS as a serious development issue. By contrast, the focus in high prevalence regions has shifted to generating responses that address the social and economic impact of the pandemic.

49. Country offices that supported activities under all three service lines in a synergistic manner were able to develop capacity at individual, institutional and societal levels to scale up programmes nationally. This has resulted in governments, civil society and the private sector prioritizing HIV/AIDS, taking ownership of initiatives and engaging in multi-stakeholder partnerships to address the pandemic These results demonstrate that the MYFF service lines provide a solid foundation that enables countries to generate effective and sustainable responses to the pandemic, directly contributing to achieving MDG 6.

50. UNDP is increasingly engaged in supporting countries to access substantial resources (for example, the Global Fund) and build capacity to implement nationwide prevention, treatment and care.

51. While many more country offices are reporting on HIV/AIDS responses in 2004, the challenge remains to deepen national responses by increasing investment in gender, trade, trade-related intellectual property rights and access to anti-retroviral medication, stigma and discrimination, and the macro-economic implications of financing HIV/AIDS responses.

II. Reporting on results: concepts and methods

52. This chapter recapitulates the conceptual advances that were introduced in the MYFF for 2004-07. These, in part, delimit the measures of organizational performance against which the effectiveness of UNDP will be judged. The chapter then sets out the aspects of performance being measured, and explains the scope and parameters of the current report.

A. Deepening results orientation

53. The present report marks another step in a comprehensive corporate effort towards the results-centred organizational transformation that lies at the heart of the MYFF. Since the approval of the first MYFF (for 2000-2003) in September 1999, results-based principles have been consistently promoted into ongoing UNDP programmes in over 140 locations at the country and regional levels. Against results-based strategic plans, country offices and regional programmes produced ROARs to assess performance towards intended outcomes. These have fed into corporate learning, influenced policy direction and guided management decision-making. Over time, UNDP programme modalities at the country and regional levels were revised so that the same results logic, interpreted through a 'hierarchy of results', was internalized into the programme cycle. This was followed by similar reforms at the level of United Nations country programming, paving the way for more results-oriented and joint United Nations operations at the country level.

54. The deepening of results-orientation in UNDP has continued under the second MYFF. As an integrative framework, the second MYFF brings together and elucidates the links between the development goals of the organization and its human and financial resources. As such, it serves as both the key policy document and strategic management tool for the organization. This is reflected in the way the MYFF generates and utilizes results data: the framework rests critically upon – and is, indeed, derived from – a broader management information system that UNDP is implementing for results planning, monitoring, implementation and oversight. At the same time, it allows the organization to provide the Executive Board with performance information that is succinct, analytical and organized to enable the Board to monitor, assess and provide guidance on such strategic objectives as programme focus, programme positioning and results; the coordinating role of UNDP; organizational strategies; and expenditures to achieve MYFF objectives.

B. Types of information in the report

55. The main premise of the MYFF is to direct and assist the organization to improve *organizational* effectiveness and maximize its contribution to *development* effectiveness.[4] The MYFF reporting approach, agreed with the Executive Board in January 2004, builds on this premise by comprising the elements that allow assessment and monitoring of this effort.

56. *Overview of performance against key strategic objectives of the MYFF.* The MYFF report provides strategic aggregate information to enable the Executive Board to monitor progress towards higher-level MYFF objectives reflected in the following questions:

(a) How successful is the organization in achieving the strategic focus defined by the MYFF?

(b) How critical are the results supported by UNDP for the programme country, and are resources allocated in support of the most important results?

(c) How effective is UNDP in leading the resident coordinator function and UNCTs, and in coordinating broader partnerships towards the intended results?

(d) What do the rates of achievement of annual outcome targets reveal about performance globally, regionally, and by each practice and service line?

(e) What are the trends in UNDP work to promote the drivers of development effectiveness?

(f) Are there overlaps between the demand and criticality of results and rates of achievement of targets?

57. Data for the summary overview is presented, to a large extent, in a quantitative form, supported by brief descriptions of key trends, and conclusions.

58. *Focus on intermediate outcomes.* The report reflects an evolving approach to capturing programme results. When designing the MYFF reporting framework, UNDP reflected on decades of development cooperation and considered recent experiences in applying, through the MYFF, a refined concept of intermediate outcomes.[5] Outcomes that are 'intermediate' in nature represent development changes that can be achieved within the time frame of a country programme, as distinct from – but as a contribution to – long-term national development outcomes. This allows for better attribution to organizational actions. Building on this concept, UNDP policy advisors identified recommended outcomes (known as 'core results') based on what the organization considers the most important results to be pursued under each service line. These core results can be adapted and used in country programmes to produce critical contributions to national development outcomes. As mentioned, this has been combined into prescriptive guidance on the specific result areas that country offices may wish to reflect when establishing strategic priorities with national counterparts. This arrangement has benefits at both country and corporate levels. At the country level, it helps to focus UNDP resources on achieving results that are both relevant and critical to programme countries. At the corporate level, it facilitates guidance to country offices on the types of result UNDP seeks to promote, as well as corporate analysis and reporting to internal and external stakeholders. Information on progress in achieving outcomes is presented both quantitatively, through the rates of achievement of annual outcome targets, and by presenting key trends and lessons analysed within and across practices, service lines and core results.

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[4] The concepts of organizational effectiveness and development effectiveness have been the focus of discussion for some time within UNDP, other multilateral development agencies and members of OECD/DAC. It is widely recognized that ownership and responsibility for development outcomes (and therefore development effectiveness) must ultimately lie with national authorities. However, development effectiveness depends on collective and coordinated action by a multiplicity of actors, both national and external. In this sense, development effectiveness is a measure of their aggregate impact and by definition can only be observed over a longer term (that is, at least several years). The effectiveness of a development organization or agency (referred to as organizational effectiveness) is determined by measuring direct, accountable and attributable performance over which it has control, and which directly and demonstrably contributes to development effectiveness.

[5] Outcome, referred by some development organizations as 'intermediary outcome', is the outcome to which the organization contributes directly and which therefore can characterizes agency-attributable performance over which it has control.

59. *Drivers of development effectiveness.* The MYFF is a framework for enhancing organizational performance under the areas circumscribed by the practices. To do this, the MYFF identifies organizational strategies that will be key to the ability of UNDP to serve as an effective partner with programme countries. One strategy focuses on six 'drivers'[6] that will inform the way UNDP implements programmes at the country level. As a means to an end, these drivers also represent lasting contributions to sustainable, effective national development. While other development drivers exist, these six are considered by UNDP to be particularly germane to its programmes, given the mandate, comparative strengths, areas of expertise, global norms and development values of the organization.

60. The MYFF report presents an analysis of how UNDP promotes the drivers of development effectiveness in achieving results. It takes a holistic look into *what* was achieved towards intended outcomes as well as *how* they were achieved by promoting the drivers. This approach enables UNDP to assess the effectiveness of all results by the extent they promote gender equality; to gauge progress in UNDP's reform objective of becoming more partner-oriented organization influencing policy; and to monitor organizational efforts to develop national capacities, support national ownership and seek South-South solutions. The application of the drivers cuts across all areas of UNDP support, facilitating analysis across individual reporting categories and enabling the study of complex, multi-faceted patterns of performance.

61. *Organizational capacities, efficiency, accountability and use of resources.* Over the past few years, the issue of organizational capacity has been an overriding concern for UNDP. For the first time, the MYFF 2004-2007 established a conceptual correlation between the issue of capacity and the ability of the organization to deliver effective development services. It articulated a clear strategy for UNDP to strengthen internal performance through intensified effort in several key areas. More specifically, the report provides an assessment of progress made by UNDP in: (a) enhancing organizational capacity and staff development; (b) promoting efficiency to deliver results; and (c) managing accountability. This assessment is complemented by the analysis of programme and operational resources and expenditures under the integrated resource framework. The present report provides an overview of the use of UNDP resources for the year, with expenditures broken down by goal, service line, source of funds and resource category.

C. Organization and presentation of analysis

62. This report is based primarily on results reports covering 139 programme countries.[7]

63. The reporting hierarchy, or 'pyramid' approach that the report follows, is intended to present information at different levels of detail to meet different user needs. It organizes information from key performance messages to a more detailed and nuanced analysis that portrays the range and diversity of UNDP development services.

64. At the apex of the reporting framework (Chapters I, II and III of this report) is strategic information that sets the stage for interpreting the report's findings and provides a summary overview of performance. Chapter I situates UNDP within the current development context and is followed by the summary of main organizational messages covering issues pertinent to the report's findings. Chapter II describes the methodological underpinnings of the report that emanate from the concepts of the MYFF and establishes parameters for interpreting the data.

65. Chapter III presents strategic aggregate information presented in summary form to enable monitoring of higher-level MYFF objectives and broken down by region, practice and driver to enable comparisons. The main components of the analysis are: the extent to which country programmes achieve a *strategic focus* in congruence with corporate goals; the *criticality and alignment* of country programmes in terms of national priorities; and the effectiveness of the *partnership and coordination* role of UNDP in a collective effort

[6] The six drivers are: (i) developing national capacities; (ii) enhancing national ownership; (iii) advocating and fostering an enabling policy environment; (iv) seeking South-South solutions; (v) promoting gender equality, and (vi) forging partnerships for results.

[7] Two country offices, in Maldives and Sri Lanka, were exempted from submitting reports in 2004 to allow them to devote themselves to the UNDP response to the Indian Ocean tsunami disaster.

towards intended results. This analysis is complemented with key quantitative measures of performance that characterize effectiveness in achieving results. This includes rates of achievement of annual targets towards intended outcomes, and the degree to which UNDP influences the drivers of development effectiveness.

66. Chapter IV provides a more qualitative, nuanced and synthesized analysis of key results by practice. For each practice, a few strategic, selected observations are presented concerning programme results and drivers of development effectiveness. While these observations mainly reflect global or regional trends, specific country examples and illustrations are provided where appropriate. A summary of the results achieved in building organizational capacities, promoting efficiency and accountability (Chapter V) and using resources (Chapter VI) form part of the analysis.

67. A third level comprises detailed analyses of performance for each service line and core result. These, together with a description of sources of data, measures and corroboration of data, as well as detailed expenditures, constitute annexes to the main document and can be accessed from the hyperlinks mentioned on the contents page of this document. Though primarily intended to meet internal management needs, this will form the basis for the synthesis presented in Chapters I to VI described above.

D. Greater rigour and objectivity

68. While the primary source of data for the report is the 2004 results-oriented annual report received from each country office, the present approach draws equally on a system of measures that aims to enhance the balance and objectivity of findings and conclusions. These include:

(a) A quality-assurance mechanism built into the process of report preparation whereby each country report is reviewed and cleared by the regional bureau prior to final submission;

(b) Inclusion of empirical, objective indicators such as number of results in each country programme or financial information collected from individual project data;

(c) Supplementing and validating self-reported data with information obtained through other sources, both internal and external to the organization, for example, the partnership survey, the global staff survey, the balanced scorecard, regional observations, evaluative findings; and

(d) Use of expanded audit reports[8] to corroborate the credibility of country office reports and assess the use of results-based approaches as part of regular programme management at the country level.

E. Delimitations

69. The present report describes results that characterize UNDP organizational effectiveness. While drawing on individual country office reports, it does not aim to present results achieved by individual countries, but rather to reflect the corporate contribution to MYFF objectives. In doing so, and in accordance with the integrative nature of the MYFF, the report builds on substantive information about programme results and drivers of development effectiveness, but also considers internal performance issues together with the UNDP role in partnerships and coordination. These pillars of organizational effectiveness provide the basis for monitoring of UNDP performance by the Executive Board as well as results information for making strategic management decisions and for organizational learning.

70. The reporting year covered by the present document – 2004 – is the first year of implementation of the MYFF 2004-2007. The findings presented in the report therefore constitute the baseline for monitoring trends that will emerge in future years of the MYFF cycle. Some measures pioneered in the second MYFF – such as those relating to drivers of development effectiveness – are of special interest a source of new types of information and innovative assessment techniques that need to be closely observed and may require adjustment over time. Some recommendations to that effect are made in this report.

F. Anticipated improvements

[8] Results of corroboration of country office reports through the expanded audit are presented in the annex 'Sources, measures and corroboration of data', available at the url address provided in the table of contents.

71. The preparation of this report has drawn on expertise from the across the organization. The report itself has produced many points of learning that, when acted upon, can help UNDP improve as a provider of development, advisory and coordination services to programme countries. Directions for further improvement include:

(a) Improvement in quality of results frameworks and country programmes through staff capacity development and better-quality assurance for UNDAF, country programmes, and annual targets and reports;

(b) Promoting results-based culture by strengthening the measuring and monitoring of results;

(c) Development of better guidance on country-level indicators, especially for core results;

(d) Close monitoring of service lines and core results against reported country realities, and fine-tuning where appropriate;

(e) Strengthening methodology, especially on capturing cross-cutting and mainstreamed issues (especially through the drivers);

(f) Ensuring consistency between guidance on the promotion of drivers in programming and the criteria used to assess the extent to which they were promoted in practice;

(g) Support to better learning from results through access to results data and sharing good practices;

(h) Incorporating findings and recommendations more solidly into managerial decision-making processes.

III. Overview of performance

A. Key performance measures

Strategic focus

72. UNDP considers strategic focus to be a vital ingredient in improving organizational effectiveness. Apart from ensuring that programmes are consistent with what UNDP does well, as confirmed by the Executive Board and backed up by corporate resources and support, strategically focused programmes are key to optimizing effective contributions to development at the country level. This section assesses the extent of UNDP strategic focus as measured in four ways: (a) demand from programme countries and concentration of support; (b) focus on strategic interventions; (c) alignment of country programme outcomes with UNDP core results; and (d) expenditures that support thematic priorities identified in the MYFF. These ways of examining strategic focus help establish how the organization is addressing results that matter most to programme countries.

Programme country demand and concentration of support[9]

73. The programme directions of UNDP's multi-year funding framework for 2004-20007 were, in the first instance, determined by projected country demand. The first attribute of focus under scrutiny in this chapter is therefore UNDP's response to country demand exhibited through country programmes. Table 1, on page 16, illustrates current demand from programme countries for UNDP support by service line, together with the number of outcomes being pursued under each service line.

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[9] *Measures.* Demand for UNDP services from programme countries is measured by the number of countries requesting specific services that are then reflected in country programmes. The areas of concentration of UNDP support is assessed through the aggregate number of intended outcomes established for each service line.

Sources of data. Data originate directly from the results reports prepared by country offices at the end of each year as an input into the MYFF report. The partnership survey provided data on partner perceptions of UNDP programmes. Annex 2 provides information on measures, sources and methods of analysis and more details on how partnership survey findings have been incorporated into this report. The annex can be accessed electronically at the url address provided in the table of contents.

Method of analysis. The figures used to produce the above measures are aggregated from reports submitted by country offices. Before final submission, regional bureaux reviewed individual country-level reports to ascertain the quality of planning and verify completeness of submission. Data from the Partner Survey was clustered and aggregated to discern trends.

Table 1. Number of countries and intended outcomes, by service line[10]

Practice and service line	Number of countries[11]	Number of outcomes
1. Achieving the MDGs and reducing human poverty	138 (99%)	705
1.1 MDG country reporting and poverty monitoring	124	222
1.2 Pro-poor policy reform to achieve MDG targets	62	68
1.3 Local poverty initiatives, including microfinance	83	111
1.4 Globalization benefiting the poor	45	67
1.5 Private sector development	32	40
1.6 Gender mainstreaming	58	82
1.7 Civil society empowerment	44	58
1.8 Making ICTD work for the poor	42	53
Intended outcomes outside service lines	4	4
2. Fostering democratic governance	132 (95%)	567
2.1 Policy support for democratic governance	49	57
2.2 Parliamentary development	52	69
2.3 Electoral systems and processes	40	56
2.4 Justice and human rights	83	117
2.5 E-governance and access to information	31	35
2.6 Decentralization, local governance and urban/rural development	95	128
2.7 Public administration reform and anti-corruption initiatives	76	100
Intended outcomes outside service lines	5	5
3. Energy and environment for sustainable development	128 (92%)	474
3.1 Frameworks and strategies for sustainable development	98	139
3.2 Effective water governance	35	38
3.3 Access to sustainable energy services	70	101
3.4 Sustainable land management, desertification, land degradation	34	39
3.5 Conservation and sustainable use of biodiversity	82	110
3.6 National/sectoral policy and planning to control emissions of ozone-depleting substances and persistent organic pollutants	36	45
Intended outcomes outside service lines	2	2
4. Crisis prevention and recovery	82 (59%)	198
4.1 Conflict prevention and peacebuilding	26	32
4.2 Recovery	32	43
4.3 Small arms reduction, disarmament and demobilization	21	34
4.4 Mine action	19	29
4.5 Natural disaster reduction	40	50
4.6 Special initiatives for countries in transition	7	9

[10] Percentage totals in the tables, figures and charts contained in this report may not add up to 100 per cent because of rounding.

[11] The percentages cited in this column represent the proportion of all programme countries for which results reports have been submitted. 100 per cent equals 139 programme countries.

Practice and service line	Number of countries[11]	Number of outcomes
Intended outcomes outside service lines	1	1
5. Responding to HIV/AIDS	98 (71%)	197
5.1 Leadership and capacity development to address HIV/AIDS	54	72
5.2 Development planning, implementation and HIV/AIDS responses	62	76
5.3 Advocacy and communication to address HIV/AIDS	35	48
Intended outcomes outside service lines	1	1
Total number of outcomes for all practices	--	2,141

74. Demand for UNDP support and concentration of activity measured in terms of the number of outcomes being pursued presents a picture of an organization focused overwhelmingly on the five practices. This is evidenced by the fact that only 13 out of 2,141 intended outcomes fall outside the service lines, which indicates a consistency rate with the MYFF of over 99 per cent. More than 90 per cent of programme countries sought UNDP support in reducing human poverty, fostering democratic governance, and energy and environment. Seventy one per cent of programme countries sought UNDP support in responding to HIV/AIDS, a figure that appears to justify the establishment of HIV/AIDS response as a distinct practice under the current MYFF. Finally, 59 per cent of all programme countries called upon UNDP to support crisis prevention and recovery.

75. The two services that were most in demand in each of the five practices also exhibited the highest concentration of support in these areas. They were:

(a) Reducing human poverty
  (i) MDG country reporting and poverty monitoring (124 countries)
  (ii) Local poverty initiatives, including microfinance (83 countries)

(b) Fostering democratic governance
  (i) Decentralization, local governance and urban/rural development (95 countries)
  (ii) Justice and human rights (83 countries)

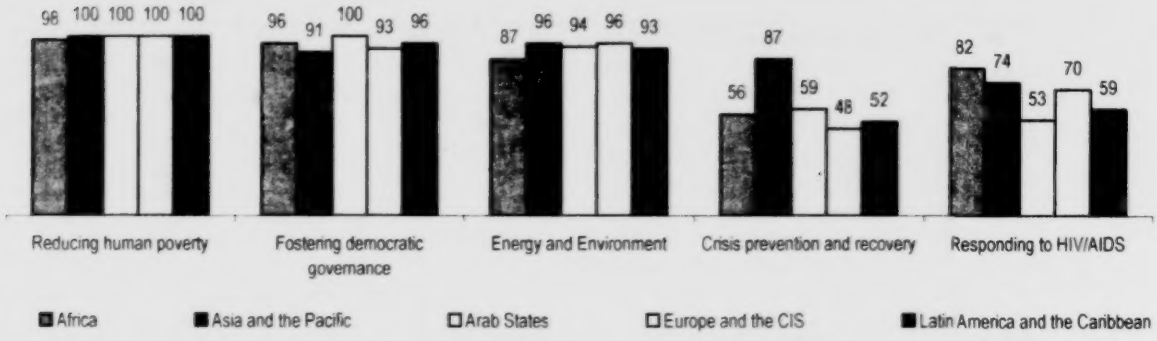
(c) Energy and environment for sustainable development
  (i) Frameworks and strategies for sustainable development (98 countries)
  (ii) Conservation and sustainable use of biodiversity (82 countries)

(d) Crisis prevention and recovery
  (i) Natural disaster reduction (40 countries)
  (ii) Recovery (32 countries)

(e) Responding to HIV/AIDS
  (i) Development planning, implementation and HIV/AIDS responses (62 countries)
  (ii) Leadership and capacity development to address HIV/AIDS (54 countries).

76. Figure 1, on page 18, confirms the uniformly high levels of demand for UNDP support in the poverty, democratic governance, and energy and environment practices. Combined with information on the number of outcomes in each practice presented in table 1, the data bears out the conclusion that poverty and governance continue across all regions, to be the largest areas of UNDP support across all regions. Country demand for support in the practices of crisis prevention and recovery and HIV/AIDS shows greater variation across regions. Almost 90 per cent of countries in the Asia and the Pacific region benefit from UNDP support in crisis prevention and recovery, compared with around 50 to 60 per cent for the other regions. As expected, demand for support in the area of HIV/AIDS is highest in Africa, closely followed by Asia and the Pacific.

Figure 1. Country demand by region (% of total countries in each region)



What our partners say

77. Demand from programme countries and concentration of UNDP support combine to offer one impression of strategic focus. Another perspective on this aspect of focus comes from partner feedback collected separately in programme countries. When partners were asked the extent to which they perceived UNDP to be active by theme, nearly 98 per cent agreed that UNDP was active in support of the MDGs.[12] Table 2, below, captures feedback on this question with respect to each of the five UNDP thematic practices.

Table 2. Extent to which UNDP is perceived by all partners to be active by practice (%)[13]

Practice	Agree
Poverty eradication	93.5
Governance	93.0
Energy and the environment	86.9
Crisis prevention and recovery	78.2
HIV/AIDS	81.7

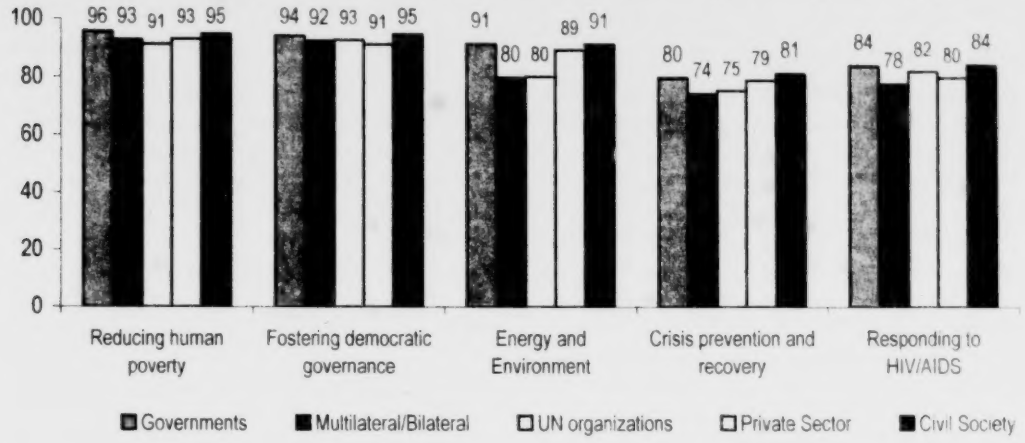
78. Partner feedback at the aggregate level broadly mirrors findings on demand and concentration. UNDP was most associated with its work on reducing human poverty and fostering governance, with work on energy and the environment a little further behind in partner perceptions. Nearly 82 per cent of partners agreed that UNDP was 'active' in responding to HIV/AIDS, which is a creditable figure given its recent elevation to a distinct thematic priority within the UNDP framework. Last comes support to crisis prevention and recovery; although the findings here were far from negative: almost eight out of 10 partners agreed that UNDP is active to a very great extent, a great extent or some extent.

79. The disaggregated feedback from partners presented in figure 2, on page 19, reveals consistency in perspective on UNDP activity by practice. This is especially clear in reducing poverty and fostering governance, where between 91 and 96 per cent of all partners agreed that UNDP was active in these two practices. Indeed, the views of partners are so close that the biggest gap in perception between different categories of partners was still only 11 per cent. This was the gap in perceptions between governments, on the one hand, and multilateral and bilateral partners on the other, with regard to UNDP presence in energy and the environment-related work.

[12] Activity in an area is one indication of performance but needs to be viewed together with other aspects of performance to generate a fuller impression of organizational effectiveness. Successive chapters of this report are intended to do this.

[13] Responses to this question came in six categories: (i) very great extent; (ii) great extent, (iii) some extent; (iv) small extent; (v) not at all; and (vi) not applicable. In order to facilitate analysis the first three categories were combined into one category: the 'agree' as noted in the table above. The fourth, fifth and sixth categories were not included but make up the balance to 100 per cent.

Figure 2. Extent to which UNDP is perceived by different partner categories to be active, by practice (%)



80. Governments and civil society in general associated UNDP with the practices more than multilateral and bilateral partners, the private sector and, interestingly, other parts of the United Nations system, although the variation among partners across categories is small. Significantly, programme country governments, more than any other partner, associated UNDP with reducing human poverty.

Focus on strategic interventions[14]

81. As country programmes supported by UNDP are designed in accordance with results-based principles in dialogue with national counterparts, a second way to determine the extent of focus is the number of service lines in which each programme is active and the number of intended outcomes being pursued.[15] While it is difficult to prescribe an ideal standard of focus on strategic interventions, due to the diverse nature of development situations, experience has shown that many UNDP-supported programmes have been spread thinly, diluting its contributions to development effectiveness at the country level. Movement towards more precisely focused programmes of support therefore remains a corporate priority.

82. By these measures, the number of intended outcomes per country programme varies from 12 to 17 and, on average, country programmes concentrate on 11 service lines. This means that, from a global menu of 30 service lines provided to respond to country demand across five regions, country offices on average focus on just one third of possible thematic options available in the MYFF.

83. The year 2004 serves as a baseline year to ascertain performance on this aspect of focus, and it is expected that country programmes will exhibit steady improvements over time. The pace of change will depend on dialogue with partners so that country programmes converge on priorities that match the institutional strengths of UNDP, so the effort to focus faces certain inhibitors, some external to the organization. Requests from partners sometimes have the effect of dissipating the focus of UNDP

[14] *Measures.* The strategic focus of country-level results frameworks is measured, for each country programme and as average for the region, by: (a) the number of service lines in which UNDP seeks to achieve results; and (b) the number of intended outcomes being pursued.

Sources of data. Data originate directly from (a) results-oriented annual reports of country offices; and (b) the partnership survey.

Method of analysis. Data from country office reports are processed to inform the above measures for each individual country and for each region. Perceptions of partners are sought through the partnership survey to corroborate or challenge focus-related findings obtained from country reporting.

[15] The new MYFF requires each country office to associate its work against the service lines of the organization for the period 2004-2007. This obligation yields the average number of service lines under which country offices are active.

programmes, although UNDP acknowledges that it could do more to imbibe the importance of strategic focus and coherence.[16]

Convergence of country programme outcomes with core results[17]

84. Based on previous reports on results and an ongoing analysis of development performance and trends, UNDP has distilled and articulated a set of 'core results' for each service line.[18] These core results provide both substantive and methodological guidance for outcome formulation, as well as a means to analyze performance and ascertain institutional focus. Convergence of country programme outcomes with core results is therefore a third way to ascertain strategic focus. Table 3 illustrates the extent of focus by the average number of service lines and intended outcomes for each country programme.

85. *Good overall convergence with core results.* One hundred and twenty-seven country offices commented on the degree of convergence of their country programme outcomes with core results. Of these, 91 found the convergence to be strong. The level of convergence with the core results for a further 12 offices was found to be moderate. The remaining 24 offices commented on instances where convergence was weak. This pattern of notably high convergence is, in part, a reflection of the preparation of the framework itself, which was based on projected programme country demand for UNDP services for 2004-2007. (As discussed above, only 13 out of 2,141 intended outcomes reported by country offices fall outside the service lines of the MYFF.)

86. *Reasons for weak convergence.* Slightly more than 18 per cent of country programme outcomes have a weak or no link to the core results of the MYFF. This is within expected bounds and one of three reasons explains the situation. First, 2004 was the first year of a new framework and a number of country programmes will have been obliged to consider the core results for the first time in mid-cycle; full convergence was not expected for these country programmes. Second, 2004 was the first year in which the core results were introduced, and it is likely that some of them will need refinement to better reflect programme country realities. Finally, continuous and sometimes rapid change at the country level means that the core results require constant critical review and updating if they are to remain of value to country offices seeking to frame substantively meaningful country programme outcomes in dialogue with national counterparts. Analysis of low demand for certain service lines and core results, as well as for intended

Table 3. Average number of service lines and intended outcomes per country programme

Region	Average number of service lines	Average number of outcomes
Africa	11.3	15.8
Asia and the Pacific	10.9	13.8
Arab States	12.7	17.1
Europe and the CIS	10.0	11.6
Latin America and the Caribbean	12.6	15.2
Average	**11.5**	**14.7**

[16] The Multilateral Organizations Performance Assessment Network (MOPAN) survey for 2004 presented some forthright views on this matter. It speculated that the lack of strategic focus of UNDP "might be underpinned by a predominant culture [...] which values and gives priority to resource mobilization at the country level. This results in UNDP country teams chasing and developing programmes around funding opportunities instead of strategic imperatives." (2004, p.12)

[17] *Measures.* Convergence of country programme outcomes with MYFF core results reflects the extent to which country programme are responding to corporate focus. It is measured by the percentage of country programme outcomes closely linked to core results, out of the total number of outcomes in individual country programme, and as an average for the region.

Sources of data. Data derive from the results reports of country offices.

Method of analysis. Data from country office reports are processed to inform the above measure for each individual country and for each region. Perceptions of partners are sought through the partner survey to corroborate – or challenge – findings obtained from country reporting.

[18] Each core result embodies three characteristics. They are: (a) consistent with the mandated development and advisory services of UNDP; (b) known to be areas in which, based on prior experience, UNDP has a strong influence on partnerships; and (c) results where demonstrable progress can be made within the time frame of each country programme.

outcomes *outside* MYFF areas, also points to the need to reflect, learn from performance and adjust the course and content of the framework accordingly.

Expenditures that support MYFF priorities[19]

87. The fourth measure of strategic focus under the MYFF is programme expenditure expended within UNDP thematic priorities as a proportion of all programme expenditures.

88. In 2004, total programme expenditure was just over $2.43 billion. Nearly 92 per cent of this total (or about $2.23 billion) was spent on pursuing results within the practices and service lines of the MYFF 2004-2007. This is in marked contrast to, and an encouraging improvement over, the last comparable figure. That figure was for the period 2000-2002, which indicated that 79 per cent of total programme expenditures were spent within the focus areas of the MYFF 2000-2003.

89. A small proportion of programme expenditures – less than 4 per cent of total programme expenditures – fell within the practices but was not associated with specific service lines or core results. This, in part demonstrates, that country offices experienced relatively little difficulty in associating portfolios with the substantive directions of the UNDP framework.

90. Further scrutiny of expenditures falling outside the five practices is expected to be part of the ongoing analysis of performance findings identified in this report and will inform decision-making by senior management.

Strategic focus: concluding observations

91. Each of the four measures reviewed in this section reveals, through its own prism, the extent to which UNDP has been able to achieve strategic focus through selected programme interventions consistent with UNDP comparative advantages. In the final analysis, the test of whether or not UNDP has been able to improve strategic focus lies in the answer to two questions:

(a) Are country programmes moving towards fewer, strategically selected outcomes?

(b) Is the corporate substantive framework represented by the 30 service lines validated by the data being implemented in programme countries, and are resources aligned behind the MYFF?

92. Since this is the first year of the MYFF, and the 30 service lines, time series data on the average number of intended outcomes per country programme will only be available from next year onwards. However, historical trends show that the introduction of the strategic results framework in 1999, and of the 2004-2007 MYFF, has resulted in improved focus in programme countries through a reduction in the number of programme areas being pursued. As indicated earlier, programme countries, on average, are currently active in only 10 out of 30 service lines from the corporate MYFF. This stands in sharp contrast to the scattered nature of country programmes revealed by various evaluations in the past. It is expected that detailed evidence of the extent to which country programmes have achieved strategic focus will be available during the time frame of the current MYFF.

[19] *Measures.* The concentration of expenditure within the areas of focus of the MYFF focus is measured by the amount of programme resources spent for achieving results established under the 30 service lines as a proportion of total expenditures. Figures are obtained for each country programme and average numbers produced for each region.

Sources of data. Data are generated from year-end expenditure reports generated through Atlas. In financial reports, country offices associate each project with specific country programme outcome or mark expenditures as non-associated, as applicable. This enables the calculation of annual expenditures that are linked to intended outcomes. The information is then aggregated to the service line level. Expenditures against the thematic trust funds are also generated from this source.

Method of analysis. Financial data from country-level reports are processed to inform the above measure. The pattern of expenditures is regularly reviewed at the country office level, in comparison with financial targets set at a planning stage. Financial data provide country office management with information about the costs of pursuing and achieving outcomes, and serve as a valuable complement to the assessment of substantive results. Any significant proportion of expenditures falling outside the MYFF focus may signal dispersion of focus and call for an adjustment in the course of the programme.

93. The data coming in from country offices presents a convincing confirmation of the service lines and thematic options approved by the Board in the 2004-2007 MYFF. More than 99 per cent of country programme outcomes are consistent with the service lines, while 92 per cent of programme expenditures were directly in support of intended outcomes falling within the MYFF. Furthermore, in their general feedback on the MYFF, 103 out of 127 country offices commented positively on the convergence of their current programmes with the core results. This endorsement is likely to be even higher in the case of service lines. Given that the development of the MYFF framework itself was based largely on, inter alia, actual demand for UNDP services as reflected in ongoing country programmes, this affirmation of the framework is not entirely unexpected.

94. Apart from necessary, and planned, fine-tuning of the menu of core results as country demand patterns evolve over time, UNDP believes that the goal and service line approach embodied in the current framework provides an excellent foundation for the organization to move to the next stage of results management. Country office results reports for 2004 suggest that the MYFF defines corporate programme priorities that respond adequately to country demand, and that are also broadly consistent with UNDP comparative strengths. It is expected that there will be no need to make major changes to the goals and service lines, at least until a further detailed review is made in preparation for the next MYFF. Attention must therefore shift to making sure that the organization has the requisite internal substantive and operational capacities to implement and achieve the MYFF goals.

Criticality and alignment[20]

95. This chapter goes beyond considerations of strategic focus to analyze two further elements of organizational effectiveness. The analysis examines instances reported by country offices of: (a) country programme results that were viewed to have made a critical contribution to national development priorities; and (b) observations on the way the country programmes were substantively aligned to major national priorities.

Criticality

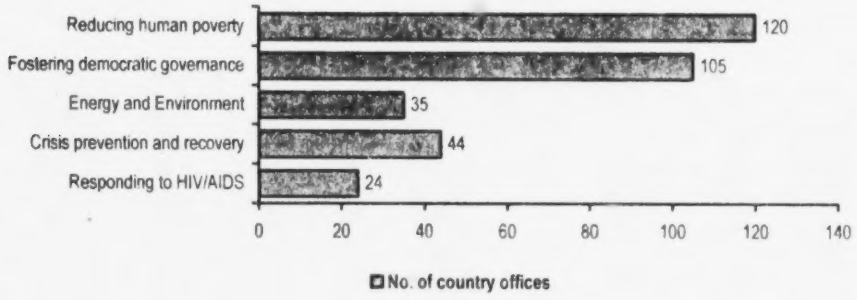
96. *By practice.* As presented in Figure 3, on page 23, 120 country offices identified results towards reducing human poverty as critical to national development prospects; 105 offices cited results in fostering democratic governance for the same reason. This suggests a broad correspondence between country demand and the concentration of UNDP support on the one hand, and the incidence of critical results on the other. Critical results cited in each of these two areas exceeded the combined total of critical results cited in energy and environment, crisis prevention and recovery, and responding to HIV/AIDS.

[20] *Measures.* Criticality and alignment are measures that seek to assess, through a continuous, rigorous examination by country offices together with partners, whether UNDP stays focused on interventions that can maximize development impact in a particular country. Country offices were asked to identify which of their results were especially important to national development prospects and, in making this assessment, were asked to consider: (i) how well the UNDP programme was positioned vis-à-vis essential national priorities as well as those of the United Nations country team; (ii) the use of UNDP comparative strengths, expertise and competencies specifically relevant to programme countries; and (iii) the ability to play a critical coordination role in partnerships recognized by government and donor partners. These measures are leading indicators of the development impact to which UNDP seeks to make a critical contribution in strong partnerships with United Nations agencies and other players.

Sources of data. (i) Views of stakeholders at annual reviews of the country programme, conducted together with national counterparts and the rest of the United Nations country team; and (ii) Partner survey findings.

Method of analysis. While resident representative takes responsibility for gauging the extent of criticality and alignment in country office results reports, performance along these measures is assessed through careful review with counterparts to ensure that findings are composite impressions derived from the viewpoints of concerned stakeholders.

Figure 3. Quotations of results considered critical by country offices (by practice)



97. *By service line*. The impression of criticality at the practice level is mirrored at the service line level, where seven of the top 10 service lines fall under reducing human poverty and fostering democratic governance. In fact, four out of the five practices are featured in the list, the exception being crisis prevention and recovery. The top 10 service lines with respect to critical results are presented in table 4.

Table 4. Service lines citing the most critical results[21]

Rank	Service line		No. of country office citations	No. of countries active
1	1.1	MDG country reporting and poverty monitoring	43	124
2=	1.2	Pro-poor policy reform to achieve MDG targets	27	62
2=	2.7	Public administration reform and anti-corruption initiatives	27	76
4	2.6	Decentralization, local governance and urban/rural development	23	95
5	1.3	Local poverty initiatives, including microfinance	19	83
6	2.4	Justice and human rights	18	83
7	2.1	Policy support for democratic governance	16	49
8	3.1	Frameworks and strategies for sustainable development	14	98
9	5.1	Leadership and capacity development to address HIV/AIDS	12	54
10=	1.4	Globalization benefiting the poor	11	45
10=	2.2	Parliamentary development	11	52

98. The largest number of results cited as critical were in MDG country reporting and poverty monitoring. Results in 43 countries were cited as critical under this service line, which accounted for the greatest country demand and concentration of support of any of the 30 UNDP service lines. Two service lines came in second, with critical results cited in 27 countries each. These were pro-poor policy reform to achieve MDG targets and public administration reform and anti-corruption initiatives. The next two service lines under which the most critical results were cited reflect the increasing and diversifying work of UNDP at the sub-national level, as mentioned in previous reports to the Executive Board (DP/2003/12). The service lines are decentralization, local governance and urban/rural development, and local poverty initiatives, including microfinance. Only two service lines from outside reducing human poverty and fostering democratic governance feature in the

[21] UNDP provides services to 82 countries in crisis prevention and recovery, considerably fewer than the total of 139 programme countries in which UNDP is active.

top 10. These are, in descending order: frameworks and strategies for sustainable development (rank 8th), and leadership and capacity development to address HIV/AIDS (rank 9th). Once again, instances of criticality at the service line level are consistent with country demand and the concentration of support to these areas.

99. *Factors influencing criticality.* Some country offices citing results as critical offered further explanation of why such results were deemed to be important to national development prospects. In Algeria, Armenia, Bangladesh, Barbados, Cameroon, China, Eritrea, the Lao People's Democratic Republic, Mongolia, Paraguay, Romania and Somalia, UNDP comparative strength and expertise were cited as significant factors in its ability to deliver critical results. Meanwhile, in Fiji, Libya, the Philippines, Niger, Romania and Tunisia, among others, the key role of UNDP in coordinating partnerships allowed it to produce critical results. Finally, in Bosnia and Herzegovina, China, Croatia, Egypt, India, Latvia, the Russian Federation, Serbia and Montenegro, Syria, and Yemen, the positioning of UNDP programmes vis-à-vis essential national priorities was viewed as key to establishing the criticality of their results.

100. *Partner perceptions.* In general, the level to which UNDP work is associated with the MDGs by partners was very high, with more than nine out of 10 considering UNDP a critical partner.

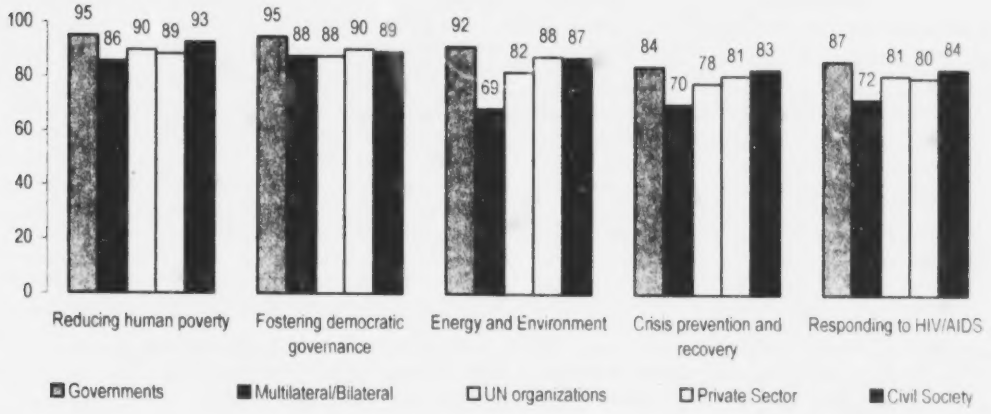
Table 5. To what extent is UNDP perceived as a critical partner? (%) (by thematic area)

Thematic area	Agree (% of all respondents)	Ranking	
		By partner	*By UNDP*
Poverty eradication	91.4	1	1
Fostering democratic governance	91.0	2	2
Energy and the environment	84.1	3	4
Crisis prevention and recovery	80.0	5	3
HIV/AIDS	82.0	4	5

101. As summarized in table 5, above, partner perceptions of the criticality of UNDP results towards reducing human poverty and fostering governance were high, mirroring both demand for, and concentration of, UNDP activities. This adds perspective to the self-assessed perceptions of UNDP in terms of the criticality of results in these areas. Meanwhile, UNDP was viewed as a critical partner by a relatively modest 80 per cent of all partners in crisis prevention and recovery. This placed it fifth among the five UNDP practices in terms partner perceptions of criticality, though not far behind energy and the environment or HIV/AIDS. By contrast, the number of results in crisis prevention and recovery that were cited as critical by country offices put it third among the practices. Relative to all five practices, partners viewed UNDP work in energy and environment for sustainable development and responding to HIV/AIDS as more critical to national development needs than did UNDP country offices.

102. As figure 4, opposite, shows, different partners appear to share high perceptions about the criticality of the UNDP role in poverty reduction and fostering governance. With respect to the other three practices, there is a noticeable gap in the perspective between Governments and international development partners, with Governments rating UNDP as a critical partner more consistently in energy and the environment, crisis prevention and recovery, and in HIV/AIDS responses than international development partners.

Figure 4. Perceptions of UNDP as a critical partner in thematic areas, disaggregated by partner category (%)



Alignment

103. *Strong, substantive alignment.* A number of country offices chose to comment on the degree of alignment of country programme outcomes to national instruments. Typically, linkages to national development plans were cited as important starting points for strategic prioritization, as were linkages to poverty reduction strategies/PRSPs and to sectoral plans and strategies.[22] Table 6 provides illustrative examples of the importance UNDP gives to substantive alignment and the alignment to national institutions that this implies.[23]

Table 6. Examples of alignment reported by country offices

Instrument	Alignment to national plans and priorities	Country
PRS / PRSP	All outcomes linked to the PRS through the process of harmonization and synchronization of the PRSP and UNDAF processes, namely by aligning United Nations priorities with the PRS through the UNDAF and deriving the UNDP country programme from the UNDAF.	Armenia
	The UNDAF was elaborated following the PRSP, and UNDP indicators were aligned with existing national indicators present in strategic plans and programmes.	Rwanda
	Priority was given to alignment with the MDGs and the PRSP, resulting in key UNDP contributions to national priorities such as political and military reform, public security, decentralization, rural poverty and policy reform in the agricultural sector, as well as enhanced community responses to HIV/AIDS.	Honduras
	UNDP supported preparation of an MDG-based national development plan for poverty reduction, which provided for an alignment of programme outcomes with both national strategies and global development agenda, especially in MDG reporting.	Yemen

[22] Degrees of alignment to national development strategies drew encouraging observations from the MOPAN survey for 2004, which commented, "the MOPAN country teams almost unanimously find that UNDP's performance with respect to alignment with national strategies and policies is very positive and constructive".

[23] The Paris Declaration on Aid Effectiveness stressed three aspects of alignment key to improving agency contributions to development effectiveness. These were alignment in terms of: (a) national development strategies; (b) national institutions; and (c) national procedures.

Instrument	Alignment to national plans and priorities	Country
	Country programme outcomes aligned with national growth and poverty eradication programme as part of a broader donor collaboration effort aimed at alignment of the ODA to this national programme as the main vehicle to support achievement of the MDGs.	Lao PDR
National plan	Outcomes were carefully analysed and selected based on national plans such as the national recovery strategy, the 2004 appeal for relief and recovery and 'Vision 2025'.	Sierra Leone
	Country programme formulated based on the priority practices identified by the Government in their medium term socioeconomic framework (2004 -2007).	Jamaica
	The UNDP country programme is closely aligned to 'Kazakhstan 2030', the country's main development strategy, especially in the areas of social development, governance and the environment.	Kazakhstan
	Intended outcomes are aligned to key priorities of the national plan for 2002-2006, particularly with regard to pro-poor policies, public administration and energy.	Tunisia
	The UNDP programme was formulated in parallel with the first national development plan; annual targets have been further aligned with Government priorities as the plan has been operationalized.	Timor-Leste
Sub-national plans and Programmes	Concentration on Upper Egypt, a particular focus of the national plan, has guaranteed close alignment with national priorities. In addition, UNDP's programmatic focus on decentralization has contributed to a key part of the Government's reform programme.	Egypt
	The first UNDAF for China, on which the UNDP programme is based, took into consideration the priorities of the Government's tenth national five-year plan for 2001-2005, the reform agenda for China and key national strategies including the Western Region development strategy.	China
Sectoral programmes	Outcomes correspond to objectives of key development strategies, including a focus on sustainable development, HIV/AIDS, gender, risk management and housing as crosscutting issues.	Cuba
	Programme outcomes are well aligned with various sectoral reform plans, such as legislative reform, the socio-economic transformation programme and the public sector reform programme.	Jordan
	There is perfect alignment with national priorities, namely with the 10-year education programme, the programme of sanitary and social development and the programme of justice development.	Mali
	Along with national plans, the country programme responds directly to key sectoral programmes such as the national human rights action plan, the Lithuanian strategy for sustainable development, and the national HIV/AIDS prevention and control programme for 2003-2008.	Lithuania

104. *Possible reasons for weak substantive alignment.* A number of reasons were given to explain instances of weak alignment to national development strategies. Some country offices noted that changes in the political context affected alignment. Examples include Haiti, where political events necessitated a flexible response from UNDP to national challenges. Nevertheless, non-alignment in this case was viewed as a prelude to opportunity as present flexibility would help UNDP establish future positioning in the emerging context. Similarly, in Guinea Bissau, instability in governance undermined progress towards an outcome in parliamentary development. In other cases, the framing of intended outcomes in the country programme was, on review, considered unsuited to national needs. This is a not-uncommon situation and was, for example, the reason cited for sub-optimal alignment of parts of the energy and environment portfolio by the country office

in the Kyrgyz Republic. In a number of cases, UNDP offices noted that the lack of coherent development priorities at the national level complicated efforts to align substantive support.

United Nations coordination and partnerships[24]

105. Achievements in 2004 relating to coordination and partnerships find a common thread in the MDGs and reveal the value of this unifying global agenda in forging partnerships across all sectors at the national, regional and global levels. They demonstrate that UNDP, as funder and steward of the United Nations resident coordinator system and chair of the UNDG, leads the repositioning of the United Nations development system and engages stakeholders across all sectors towards assisting developing countries reach the MDGs. Drawing on the UNDP partnership survey 2004, country office results reports, resident coordinator reports and the United Nations Development Group Office (DGO), this section aims at highlighting achievements and challenges in coordination and partnerships.

Coordination

Box 1. What partners say about UNDP and coordination

The UNDP independent partnership survey indicates that 87 per cent of all respondents see UNDP as a critical partner in aid coordination. Seventy-eight per cent of UNDP partners see United Nations organizations working together in a coordinated fashion. However, only about half of this group sees United Nations organizations working together a fair amount as opposed to a great extent. Twenty-two per cent of all respondents felt the United Nations did not work together at all or only a little. Seventy-nine per cent of UNDP partners at the country level expressed satisfaction with how the resident coordinator functions were being performed in 2004. Approximately a third of this group was very satisfied. Five per cent of all respondents were dissatisfied. Ninety per cent of all UNDP partners expressed familiarity with the role of the resident coordinator.

106. With the MDGs recognized as a driving force behind poverty reduction strategies – the principal vehicle for translating national priorities into a coherent funded programme – the positioning of the United Nations development system to provide effective support in the development of national poverty reduction strategies is a core challenge. The UNDG has translated its support for poverty reduction strategies into clear operational guidelines for all resident coordinators.

107. The rollout of the UNDAF results matrix in 2004 provides a comprehensive tool, capturing the main contributions of the United Nations to national programmes and priorities and MDG-based national development strategies, including poverty reduction strategies. In response to the TCPR, the resident coordinator, as leader of the country team, has authority over the design of the UNDAF results matrix and monitors its implementation, operating within an accountability framework built on team assessment tools. The results matrix has greatly enhanced the opportunities for joint programming and the formulation of joint programmes; however, more needs to be done to establish the UNDAF as a strong, nationally-owned programming framework.

108. In 2004, the UNDG introduced new tools to further simplify and harmonize policies and approaches and to increase the effectiveness of UNCTs in addressing national priorities and to facilitate inter-agency collaboration and coordination. The release of the revised CCA/UNDAF guidelines in June 2004 emphasizes the important principle that United Nations programming should be fully aligned with national development planning processes, most notably the poverty reduction strategies or equivalent processes. In 2004, 20 UNCTs started their common country programming process based on these guidelines.

[24] The MOPAN survey also revealed a number of issues that impaired the performance of UNDP, such as when programmes adopted a "fragmented approach" or lacked strategic focus. Other views included that UNDP "doesn't play any role in the economic reform process or in the macro-economic programmes", or did not put "enough emphasis on the promotion of national ownership". A further concern was that, where UNDP resources and/or implementation capacity is limited, "leverage with the government is diminished".

[24] *Sources of data.* (a) Resident coordinator reports; (b) Partnership survey; (c) Country office results reports; (d) Various central resources tracking the resident coordinator system and the implementation of UNDP's role in the implementation of United Nations reform, etc.

Method of analysis. The analysis was conducted centrally, drawing together findings on performance from the sources described above.

Box 2. UNDP leading United Nations alignment to national priorities

In Azerbaijan, UNDP played a lead role in helping the UNCT formulate the UNDAF in alignment with MDG targets. UNDP chaired the United Nations poverty reduction theme group; took the lead responsibility within the UNCT for promoting the MDGs on poverty reduction and environmental sustainability vis-à-vis the Government, and to a large extent funded the United Nations PRS/MDG joint programme. The UNCT aligned the UNDAF with the national poverty reduction strategy. This led to the world's first integrated PRS/MDG annual report.

109. In 2004, common services became mandatory and country teams were obligated to investigate potential efficiencies and savings in these areas. Some examples of initiatives in common services include a joint agency approach to fuel procurement in Zimbabwe, which brought savings of about $276,000 per annum. The outsourcing of registry and documentation, as a common service in the Philippines, is estimated to save the office a total of about $85,000 per annum. More is still required of UNDP in the area of common services: in 2004, a range of country offices provided operational and financial support to common services to improve security, connectivity, administration and procurement, United Nations lease administration, common fuel supply, common health facilities, a common insurance approach, and so on.

110. Improving the quality of new resident coordinators, ensuring a more equitable gender and regional balance among the resident coordinators, and the increased secondment of high-calibre non-UNDP staff members to the post of resident coordinator remained a high priority in 2004. Among the current resident coordinators, the gender balance improved from 70:30 (men:women) in 2003 to 67:33 in 2004. Regional and North-South representation targets for resident coordinators remain on schedule to meet the 2007 deadline. All candidates identified for resident coordinator posts, including all reassigned resident coordinators who had not previously taken it, attended the resident coordinator competency assessment as a condition of (re)assignment. A 20 per cent increase was achieved in the number of resident coordinator assessment participants from organizations other than UNDP. Eighty-five per cent of country teams administered performance appraisal for the resident coordinator.

111. The most important instrument of direct support to the coordination initiatives of resident coordinators remains through the provision of UNDP core funds under the 'support to resident coordinators' budget, and the United Nations country coordination fund, a trust fund administered by UNDP with contributions from various donors. DGO manages both sources of funds. The funds are allocated on an annual basis to UNCTs, in two instalments, based on the commonly agreed UNCT work plans. In 2004, a total of $15,067,838 was allocated to UNCTs, of which $13,288,056 (88 per cent) was disbursed.

Box 3. UNDP galvanizing United Nations responses to national development priorities

In Lesotho, the steady rise in new HIV infections, coupled with worsening poverty and food insecurity, has demanded a more accelerated and heightened United Nations response. Stimulated by the UNCT multi-level dialogue with Government and development partners, including civil society, UNDP began the process of drafting a new CCA in line with the challenges articulated in the poverty reduction strategy and 'National Vision' and established a roadmap for the revision of the UNDAF. The finalization and adoption of the poverty reduction strategy and 'National Vision' has been financed through a basket poverty fund governed by a memorandum of understanding between the Government and development partners, administered by UNDP. Through the MDG task force, led by UNDP, the MDG report is focused on national priorities as well as consensus-based indicators and targets for the achievement of the MDGs have a positive impact on the delivery of services and public sector performance. At the initiative of UNDP, the UNCT rotated the role of resident coordinator to strengthen collaboration and coordination with the Government. The harmonization of the agency programme cycles, management of common services, and support to the preparation of joint programming for the implementation of the poverty reduction strategy, have been key priorities by UNDP.

112. *Improvements in programming efficiency and effectiveness continued in 2004.* In response to the demand for increased coherence in United Nations programming, a guidance note on joint programming was completed and launched in three languages. Actual joint programming, however, is still in its infancy, as reports from UNDP country offices confirm. A high number of UNDP country offices reported that they had led the establishment of United Nations thematic groups on poverty reduction and HIV/AIDS as a first step

towards common action; other thematic areas included governance, environment and gender equity. In applying the UNDAF results matrix and responding to national priorities, UNDP country offices played a lead role in poverty monitoring, linking the MDGs with cost analysis, and strengthening poverty reduction strategies, including through community development and ICT initiatives.

113. *New types of coordination arrangements in post-conflict situations.* On behalf of the United Nations system, UNDP acts as the administrative agent for an innovative multi donor funding mechanism set up in 2004 – the UNDG Iraq Trust Fund (ITF), part of the International Reconstruction Fund Facility for Iraq. The ITF – funded by 23 donors and with participation of 19 United Nations organizations – contributes significantly to building partnerships with the World Bank, donors and national authorities. Pursuant to the Secretary-General's reform agenda, it has adopted a common planning, funding, implementation and reporting arrangement, making it possible to fund projects through a single channel and reducing transaction costs to donors. The ITF assists Iraqi ministries such as the Ministry of Planning and Development Cooperation to work with the UNDG as one entity facilitating coordinated joint programming. UNDP is introducing additional measures to ensure quality assurance and transparency, including, for example, access to all major contracts on a dedicated contracts-award web page.

Box 4. UNCT advocacy

UNDP Angola reported that advocacy around the national MDG report and the NHDR contributed to the promotion of the values and principles of the United Nations. In Guatemala, UNDP played a crucial role in advocacy and promotion of the Peace Accords as the overall framework of the domestic political debate. Within this framework, UNDP organized the launch of the Programme for Democratic Development for Latin America, with representatives from the three State branches, and an MDG campaign in partnership with the International Development Bank, the World Bank, the United Nations system and the European Union.

In Benin, UNDP and the UNCT used MDG reports and NHDRs as a platform for advocacy, communicating through video and television; as well as creating a Social Watch for MDG monitoring with local NGOs (and a Dutch NGO, the Netherlands Development Organisation). Other UNDP advocacy initiatives reported at the national level included the Secretary-General's Task Force on Women, Girls and HIV/AIDS in Southern Africa: campaigns against rape, domestic violence, trafficking and the effects of commercial opening on women; and television and radio broadcasts for youth and students. Some country offices reported training on MDGs and human development for national counterpart institutions and the media, as well as advocacy campaigns involving painting, sculpture and song competitions.

Partnerships

Box 5. What partners say about UNDP and partnerships

Of all respondents to the 2004 partnership survey, 89 per cent confirmed that UNDP is perceived as a valued partner by its host governments. With regard to the extent of collaboration with other stakeholders, 97 per cent saw UNDP actively working with other United Nations organizations; 94 per cent with bilateral organizations; 92 per cent with civil society and 88 per cent with international NGOs; 91 per cent with the World Bank; 87 per cent with IFIs; 76 per cent with the private sector; and 87 per cent saw UNDP actively engaged with the media. Seventy-nine per cent of all partners noticed improvement in the ability of UNDP to forge partnerships for development results. 81 per cent observed progress in national ownership of UNDP activities; 75 per cent in efficiency of the country office; 76 per cent in the achievement of significant results; and 74 per cent in access to global networks for development knowledge.

114. Internal evidence suggests that the UNDP of today is increasingly operating as a highly networked and partnership-based organization. Country office self-assessments reflect a consistently high reliance on partnerships in achieving results. An average of 70 per cent of all outcomes in 2004, across all regions and service lines, rely strongly on partnership-based approaches.

115. *Global MDG partnerships.* The Millennium Project report – the result of a global research and advocacy partnership and funded through a multi-donor trust fund managed by UNDP – sparked a deep, sustained debate on poverty and international aid and focused attention globally and country-by-country on the MDGs. Funded through the same UNDP mechanism, Governments and UNCTs produced 103 national MDG reports in 93 countries, and six regional reports, which helped strengthen performance monitoring at the country level

and access to information as a critical element in shaping national debates on development progress. The Millennium Campaign, hosted by and funded through UNDP, has been pivotal over the past two years in initiating and sustaining dialogue with civil society to foster engagement in advancing the MDGs. It led to the formation of a strong campaign coalition on development issues: the 'Global Call to Action Against Poverty', which brings together more than 100 civil society organizations. Global effort is being taken local: campaigns are being facilitated in four major donor nations and about 30 developing countries.

Box 6. Building inclusive partnerships around the MDGs

In Bolivia, the UNDP country office formulated and implemented joint initiatives to support the analysis and diffusion of information on the size and distribution of indigenous populations at all levels, and on the situation of indigenous populations with regard to the MDGs. In Brazil, UNDP established many partnerships with significant participation from the private sector and was a founding member of the Movement for Citizenship and Solidarity (Government, private sector, and civil society organizations), which used the MDGs as a platform in its nationwide MDG advocacy campaign. All inter-agency activities on MDG reporting and advocacy involved the Breiton Woods Institutions and the Inter-American Development Bank.

United Nations partnerships

116. In advancing the Secretary-General's reform programme in the development area, UNDP has established new inter-agency partnerships with UN-HABITAT, UNIDO and UNEP, aiming at consolidating country-level structures within the UNDP hosting capacity and taking advantage of synergies to expand the range of development services. HABITAT programme managers are hosted by UNDP in some 40 countries. UNIDO is working on the integration of its offices with UNDP, and the establishment of broader international presence through the hosting of UNIDO officers within the resident representative's office. Following WSSD in 2002, UNDP and UNEP reached an agreement on joint support to capacity development and a joint approach to poverty and environment work.

117. Within the UNDP group, the partnership with UNIFEM provides an important catalyst to strengthen UNDP advocacy for gender equality and its programming with a gender perspective. In 2004, 60 country offices reported a range of partnerships between UNDP and UNIFEM, including: joint programming; UNIFEM execution of UNDP projects; technical expertise, sharing knowledge, tools and expertise and providing training; raising awareness on gender issues and developing strategies for gender mainstreaming. Through its United Nations Volunteers programme (UNV), UNDP leverages critical expertise and experience from both South and North. Seventy-three per cent of all country offices reporting on the 2004 MYFF referred to their collaboration with UNV across all practices and service lines, with an increasing number of volunteers coming from programme countries and bringing extensive professional experience to their assignments. The focus of UNDP country-level collaboration was on seeking South-South solutions to development challenges, and there is a trend of increased collaboration between country offices and UNV in the promotion of volunteerism and engagement of non-traditional types of UNV assignments, under UNITeS and the UNV corporate/ private sector programme. UNCDF is a key strategic partner for UNDP for pursing the achievement of the MDGs in least-developed countries. UNDP collaborates with UNCDF on decentralization and local governance, and local poverty initiatives – including microfinance – which feature in the top five areas of UNDP work in terms of country demand, concentration of support and criticality of results.

Donor partnerships

118. Partnerships with donor governments have been forged around the majority of practices and service lines. Donors have shown particular interest in UNDP's work in poverty reduction, democratic governance, crises prevention and recovery, energy and the environment, and joint work on the MDG agenda. The range of support has spanned across all regions and has been significant both in substance and volume. Partnerships with donors often created the basis for other actors to collaborate, drawing in partners from civil society, development organizations and actors in decentralized cooperation. With the increasingly decentralized structure and approaches of UNDP, timely and comprehensive reporting on donor-funded initiatives remained a critical challenge that requires priority attention in 2005.

119. In parallel with the rebuilding of its core funding base, UNDP cooperation with donor governments moved in 2004 increasingly away from project-specific funding relationships towards strategic partnerships paired with multi-year funding commitments and experimental country-level cooperation with long-term perspectives.

Box 7. Partnering with the international community to meet national needs

In the Gambia, commercial banks from Finland and France have been mobilized to provide financial support to local poverty alleviation activities. UNDP Mali teamed up with the World Bank and the Finnish parliament to provide training on parliamentarians' role in poverty reduction. In India and Viet Nam, country partnership initiatives between the United Kingdom and UNDP provide a framework for extended, longer-term collaboration with a commitment to fund UNDP to support development goals strategically at the country level. In the Philippines, the Netherlands requested UNDP to take over the monitoring of its bilateral programme after the scheduled completion of its development assistance to the country. An innovative partnership has been established in Botswana where Denmark joined with UNDP, UNV, UNIFEM and a United Kingdom-based music group to promote messages on HIV/AIDS and gender equality.

Civil society partnerships

120. In response to the recommendations of his high-level panel on United Nations-civil society relations (Cardoso Panel, June 2004), the Secretary-General endorsed UNDP leadership at the country level and called for a more focused country-level engagement with civil society organizations (CSOs) including in strategic planning processes. UNDP is increasingly institutionalizing partnerships with CSOs at all levels. Globally, the CSO Advisory Committee to the Administrator meets annually with senior management to review and advise UNDP on its policies and programming. Through the CSO Champions' Initiative, resident representatives/resident coordinators are setting up national and municipal civil society advisory committees based on the global model and incorporating the MDGs into their mandates. The Cardoso Panel recommends these initiatives as mechanisms for expanding United Nations-civil society partnership.

Box 8. Working with civil society in responding to national development priorities

Through its leadership and capacity development initiatives, UNDP Botswana established a national civil society advisory committee made up of a range of CSOs to guide its gender and HIV/AIDS policies and activities. Country offices in Mexico and Kenya launched similar advisory bodies through the exchange of good practices facilitated by the CSO Champions' Initiative. In addition, UNDP Brazil has supported the establishment of a National Citizenship and Solidarity Movement that is led by UNDP and composed of major civil society organizations and private sector organizations, working to conduct joint projects and advocate nationally and internationally for the MDGs.

121. In its support for poverty monitoring and the formulation of national poverty reduction strategies, UNDP ensures participatory and consultative processes, especially regarding the representation of civil society organizations through dialogue at local and national levels. Of the 55 country offices reporting achievements in this service line in 2004, 95 per cent reflect the targeted outcome as partially or fully achieved. Based on an innovative partnership established in 2004, the Netherlands Development Organization and UNDP launched a three-year programme to help local actors participate in MDG and poverty reduction processes; support innovative capacity development; and enhance joint learning for both organizations.

122. UNDP strengthens partnerships with civil society organizations in post-conflict countries by developing capacity to engage in dialogue to build peace and participate in the recovery of democratic and civilian institutions. Of the countries reporting, more than 65 per cent indicated strong reliance on partnerships, mostly with civil society. There are challenges inherent in operating in crisis and post-crisis situations, which must be addressed through identifying capacity requirements and engendering trust and dialogue. In 2004, a pilot global small grants programme for CSOs in conflict and post-conflict was launched to support this work in country offices.

Private sector partnerships

123. UNDP led the preparation of the report of the United Nations Commission on the Private Sector and Development, *Unleashing entrepreneurship: making business work for the poor*, issued in March 2004. After many years of focusing on the creation of local businesses through a myriad of projects and approaches, the report marked a turning point for UNDP work with the private sector. Apart from the global rollout of the report, UNDP led country launches – reported by over 25 country offices – to facilitate national policy dialogue on the role of the indigenous private sector in development.

124. Under the 'growing sustainable business' initiative, UNDP brokers multi-stakeholder partnerships that help enable specific pro-poor, commercially viable business investments in developing countries. Under this initiative, leading international and domestic companies are developing new ways to deliver needed products and services to poor people and establish viable supply chain and distribution linkages with local small and medium-size enterprises in ways that contribute to local economic development and job creation. The initiative has been implemented over the last 18 months, initiating activities in Ethiopia, Madagascar and Tanzania. Main partners include large corporations, local small- and medium-scale enterprises and business associations, governments, bilateral development organizations, NGOs and United Nations organizations. UNDP recently expanded the initiative to El Salvador, Kenya and Zambia. The initiative has been given further boost by the strong explicit support it is receiving from the Africa Commission Report (United Kingdom).

125. The Global Compact provides UNDP with an important platform for initiating and building action-oriented relationships between business and other sectors, including governments, civil society and the United Nations, in support of numerous development challenges. UNDP supported the introduction and operationalization of the Global Compact at the country level and currently convenes networks in 35 developing countries with hundreds of companies, international labor and civil society organizations engaged in the Global Compact.

126. *Partnerships with foundations.* More than 50 foundations are supporting over 200 new and continuing UNDP programme initiatives. Partnerships with institutions such as the United Nations Foundation, the Open Society Institute and the Rockefeller Brothers Fund have allowed the development and implementation of new programme initiatives in areas ranging from governance, peace and security to HIV/AIDS prevention, environmental sustainability and energy, and climate change. The Bill and Melinda Gates Foundation, the David and Lucille Packard Foundation and the Bank of Sweden Tercentenary Foundation joined other donors in support of the Millennium Trust Fund. In 2004, the partnership with the United Nations Foundation proved effective in using Foundation funding to leverage other donors on behalf of UNDP initiatives.

Box 9. UNDP promoting private sector responses to environmental issues

With the support of the United Nations Foundation, the UNDP 'Footprint Neutral' initiative aimed at promoting a comprehensive private-sector response to climate change, biodiversity and water management challenges. The initiative enables investment in projects that promote the MDGs and sustainable development and offset greenhouse gas emissions. Partners include Swiss Re, the World Economic Forum and leading conservation NGOs.

B. Effectiveness in achieving results

127. This sub-chapter presents two aspects of UNDP's contributions to development: the rates of achievement of annual targets towards intended outcomes and the extent to which UNDP promoted the drivers of development effectiveness. The achievement of annual targets represents the progress made in 2004 towards multi-year country programme outcome. As such, achievement of annual targets serves as a regular benchmark within the continuous monitoring of development change at the intermediate outcome level and reflects UNDP's most direct contribution to country results.[25] This is reinforced by the analysis of

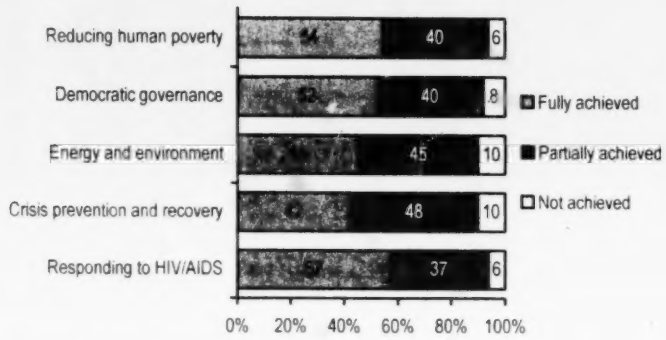
[25] *Measures.* As part of the planning function, every country office sets annual targets during the first quarter of the year in dialogue with national counterparts. These annual targets are the achievements required to make progress towards country programme outcomes (country

the extent to which the achievement of annual targets supports the drivers of development effectiveness. This second dimension of performance analysis emphasizes the way UNDP optimizes its organizational effectiveness as part of its contribution to broader development effectiveness.

Rates of achievement of annual targets[26]

128. This section presents the rates of achievement of annual targets set by country offices in the pursuit of intended country programme outcomes. Figure 5, below, provides a global overview of rates of achievement for each of the five UNDP practices.

Figure 5. Rates of achievement of annual targets in 2004 (%)



129. Across the five practices, one half of annual targets were fully achieved. Another 42 per cent of annual targets were, on average, partially achieved. Only 8 per cent of annual targets were, again on average, not achieved.

130. Performance across practices was relatively even. The percentage of annual targets that were fully achieved was highest in the UNDP response to HIV/AIDS (57 per cent), while the lowest rates of achievement were in support of energy and environment for sustainable development (45 per cent). This represents a span of 12 per cent from highest performing practice to the lowest. When fully and partially achieved targets are viewed together, the poverty reduction and HIV/AIDS practices register marginally better rates of achievement than democratic governance, with achievements in the remaining practices a little farther behind.

131. *Regional performance.* An analysis of the rates of achievement by region reveals some noticeable patterns. Figure 6, on page 34, provides an overview.

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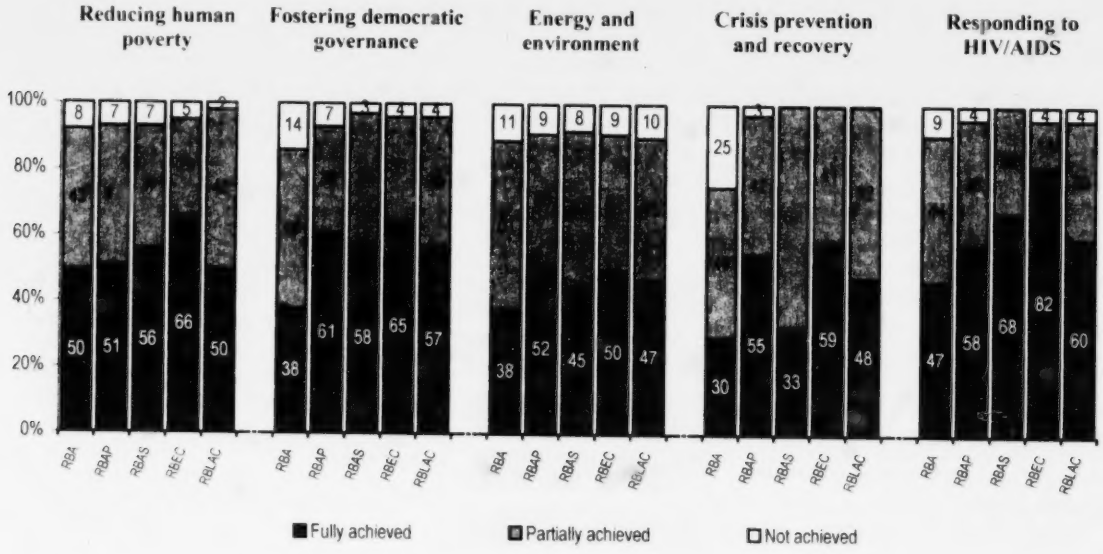
programme outcomes are the 'intermediate outcomes' and represent UNDP's contributions over a programme cycle to larger or longer-term national development outcomes). At the end of each year, offices are required to assess if targets were fully achieved, partially achieved or not achieved. This assessment is normally based on the shared views of UNDP offices and national counterparts.

Sources of data. (a) Annual project reports compiled into the country office results reports, based on the views of UNDP offices and national counterparts; and (b) partnership survey.

Method of analysis. Country offices assessed the extent to which their annual targets were achieved, and then compiled and submitted this information in their results reports for 2004, subject to review and clearance by regional bureaux counterparts. The data was then processed centrally. Under the new MYFF, country offices take the lead role in assessing performance, incorporating the feedback of national counterparts and other partners to corroborate these assessments. Assessments by country offices will also be subject to verification (see annex 2, at the url address in the table of contents.

[26] Partially achieved targets were those that offices assessed to as having made more than 50 per cent substantive progress towards achievement of the target without the target being fully met.

Figure 6. Rates of achievement of annual targets in 2004 (%)



132. There are clear regional differences in rates of achievement. Countries in Europe and the CIS reported higher rates of full achievement in four out of the five practices, the exception being energy and the environment, where Asia and the Pacific performed marginally better. Levels of full achievement in the Africa region, on the other hand, tended to be lower across all the practices than in the other regions. More detailed performance analysis under each practice will help to account for these patterns.

133. *Achievement by service line.* Rates of achievement by service line shed light on performance across the range of the UNDP mandate. Table 7 presents an aggregate picture.

Table 7. Average rates of achievement of annual targets towards intended outcomes (by service line)

Service line	Rates of achievement (%)		
	Fully achieved	Partially achieved	Not achieved
1. Achieving the MDGs and reducing human poverty			
1.1 MDG country reporting and poverty monitoring	54	43	3
1.2 Pro-poor policy reform to achieve MDG targets	58	39	3
1.3 Local poverty initiatives, including microfinance	50	45	6
1.4 Globalization benefiting the poor	42	47	10
1.5 Private sector development	55	32	13
1.6 Gender mainstreaming	55	37	8
1.7 Civil society empowerment	53	40	7
1.8 Making ICTD work for the poor	67	25	8
Intended outcomes outside service lines	50	50	0
Average	*54*	*40*	*6*

2. Fostering democratic governance			
2.1 Policy support for democratic governance	59	38	4
2.2 Parliamentary development	46	48	6
2.3 Electoral systems and processes	55	35	10
2.4 Justice and human rights	51	39	11
2.5 E-governance and access to information	62	29	9
2.6 Decentralization, local governance and urban/rural development	56	36	8
2.7 Public administration reform and anti-corruption initiatives	43	51	7
Intended outcomes outside service lines	50	25	25
Average	*53*	*38*	*10*
3. Energy and environment for sustainable development			
3.1 Frameworks and strategies for sustainable development	43	47	10
3.2 Effective water governance	57	34	9
3.3 Access to sustainable energy services	37	52	11
3.4 Sustainable land management, desertification, land degradation	43	49	9
3.5 Conservation and sustainable use of biodiversity	46	46	8
3.6 National/sectoral policy and planning to control emissions of ozone-depleting substances and persistent organic pollutants	64	23	13
Intended outcomes outside service lines	50	0	50
Average	*49*	*39*	*16*
4. Crisis prevention and recovery			
4.1 Conflict prevention and peace building	41	48	11
4.2 Recovery	49	49	3
4.3 Small arms reduction, disarmament and demobilization	32	56	12
4.4 Mine action	46	46	8
4.5 Natural disaster reduction	34	50	16
4.6 Special initiatives for countries in transition	83	17	0
Intended outcomes outside service lines	100	0	0
Average	*55*	*38*	*7*
5. Responding to HIV/AIDS			
5.1 Leadership and capacity development to address HIV/AIDS	59	38	3
5.2 Development planning, implementation and HIV/AIDS responses	52	44	4
5.3 Advocacy and communication to address HIV/AIDS	59	27	14
Intended outcomes outside service lines	100	0	0
Average	*68*	*27*	*5*
Average rate of achievement for all practices	*56*	*36*	*8*

134. ***Top-performing service lines.*** The top 10 service lines, in terms of fully achieved targets, are as follows:

1.1 MDG country reporting and poverty monitoring;
1.2 Pro-poor policy reform to achieve MDG targets;
1.3 Local poverty initiatives, including microfinance;
2.1 Policy support for democratic governance;
2.2 Parliamentary development;
2.7 Public administration reform and anti-corruption initiatives;
4.2 Recovery;
4.6 Special initiatives for countries in transition;
5.1 Leadership and capacity development to address HIV/AIDS; and
5.2 Development planning, implementation and HIV/AIDS responses.

135. From the achievement rates presented above, it can be observed that six of the 10 top-performing service lines fall under reducing human poverty and fostering democratic governance. These service lines are at the core of the organization's profile as a development partner and are likely to remain part of UNDP work beyond the current MYFF as part of its contributions to the MDGs. Meanwhile, four of the top-performing service lines fall under crisis prevention and recovery and responding to HIV/AIDS. When this viewed with the extent of country demand, this performance reconfirms the inclusion of these two practices in the MYFF as part of UNDP support countries pursuing the MDGs.

Findings from a combination of measures

136. Rates of achievement acquire greater meaning when they are viewed together with other measures of performance. Measures analysed earlier in this report combine to present a composite impression of performance.

137. The first such composite impression brings together country demand with concentration of support and achievements. It reveals, for example, that of the 10 service lines showing highest country demand for UNDP services and where the concentration of support is greatest (presented in table 1, on page 16), five are also among the organization's best-performing service lines. These service lines, three of which belong to the practice for reducing human poverty, are:

1.1 MDG country reporting and poverty monitoring;
1.2 Pro-poor policy reform to achieve MDG targets;
1.3 Local poverty initiatives, including microfinance;
2.7 Public administration reform and anti-corruption initiatives; and
5.2 Development planning, implementation and HIV/AIDS responses.

138. A second combined interpretation of performance involves findings on the criticality of results and the achievement of annual targets. Of the 10 service lines under which the most results were cited as critical to national development prospects (presented in table 4, on page 23), analysis found that seven were also among the top 10 best-performing service lines. This list is dominated by service lines from the practices for reducing human poverty and fostering democratic governance. They are:

1.1 MDG country reporting and poverty monitoring;
1.2 Pro-poor policy reform to achieve MDG targets;
1.3 Local poverty initiatives, including microfinance;
2.4 Justice and human rights;
2.6 Decentralization, local governance and urban/rural development;
2.7 Public administration reform and anti-corruption initiatives; and
3.1 Frameworks for sustainable development.

139. *Non-achievement of annual targets.* Three service lines failed to fully achieve 40 per cent or more of annual targets (although when combined with partially achieved targets, these service lines performed to levels comparable with other service lines). The first is access to sustainable energy services, which represented the highest concentration of UNDP support among these four service lines, with 101 outcomes being pursued in 70 countries. Here, only 37 per cent of annual targets were fully achieved. The other two service lines were part of the crisis prevention and recovery practice. Here, low rates of full achievement were particularly conspicuous in natural disaster reduction, which represented almost one half of UNDP support in this practice (40 out of 82 programme countries).

140. *Reasons for non-achievement of annual targets.* Reasons for the non-achievement of annual targets were, in some instances, where approvals and financing arrangements were not finalized in 2004. In such cases, country offices typically rephased annual targets into 2005. Elsewhere, as in Uganda, the country office found that the annual targets were themselves over-ambitious and unlikely to be achieved from the outset. In some cases, changes to the institutional setting in Government explained non-achievement of targets (e.g., Tunisia and Turkmenistan in gender mainstreaming). In some cases, the stated annual target needed further realignment to government policy (for example, the energy policies of the Government of Mexico) or there was need for further clarification of national policy (as in the case with microfinance in the Saudi Arabia

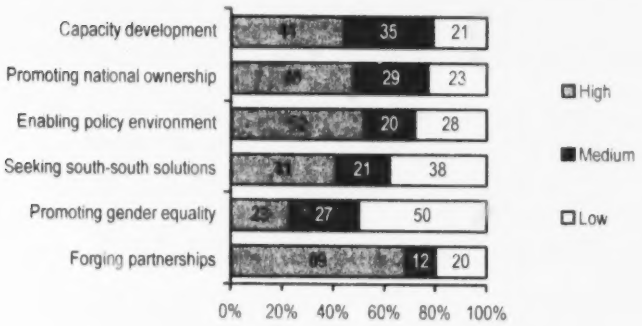
poverty reduction policies). Finally, UNDP was sometimes obliged to refocus annual targets in order to respond to emerging issues, such as support to elections in Guinea Bissau or the onset of political instability in Nepal. In sum, therefore, reasons cited by country offices to explain non-achievement appear to encompass the following: (a) over-ambitious target-setting; (b) rephasal of targets to 2005 owing to procedural delays; (c) postponing programme approval to enhance positioning with new governments; and (d) force majeure.

141. *Partner feedback on achievement of results.* Aggregate feedback from the partnership survey shows that 62 per cent of partners believed that UNDP had improved its performance in achieving significant results, while 18 per cent observed no change and slightly more than two per cent believed it had become worse in the last two years. This adds perspective to the self-assessed rates of achievement from country offices across the five practices.

Drivers of development effectiveness

142. There are many potential ways to pursue development results. As explained in Chapter II, UNDP has identified six such elements, or 'drivers' that, through the current MYFF, cut across all its service lines and represent the organization's contributions to development effectiveness. This section of the report provides an overview of the extent to which these drivers helped UNDP work effectively in 2004. Figure 7, below, illustrates the extent to which the six drivers were emphasized in the pursuit of results.

Figure 7. Emphasis on drivers while pursuing results (all practices)



143. *A more extroverted organization* seeking to influence policy. The findings summarized in figure 7 suggest that several years of transformation have enabled UNDP to become a more outward-looking and networked organization. Evidence of this can be seen in the fact that UNDP relied on partnerships to pursue results more than any other driver during 2004. Moreover, slightly more than half of all results pursued during last year placed great emphasis on helping to create an enabling policy environment, which is evidence that the organization is placing more emphasis on influencing policies for effective development at the country level.[27] For example, a comparison of the different dimensions of performance addressed in this report reveals that UNDP work in reducing human poverty and fostering democratic governance featured as the two top practices in terms of country demand, concentration of support and criticality of results combined with a high reliance on two drivers: (a) creating an enabling policy environment, and (b) forging partnerships for results. Analysis of 2004 country office results reports suggests that the relationship between UNDP work on policy influence and capacity development needs to be strengthened.

144. Overall, the most policy-oriented service lines from poverty reduction, democratic governance and HIV/AIDS are among those that do the most to promote the drivers. These service lines include:

(a) *Pro-poor policy reform.* Work under this service line was especially notable for building on national capacities and the other drivers. However, overall UNDP offices tended not to seek South-South solutions in its work under this service line;

(b) *Policy support for democratic governance.* This service line did the most to promote all six drivers in fostering democratic governance; and

[27] The MOPAN Survey found that "UNDP's contribution to policy dialogue is perceived to be an important asset" with the "ability to assemble divergent points of view at collective discussion fora: UNDP has contributed to bringing different actors together thus playing a leading role in several initiatives for policy dialogue. UNDP has promoted policy dialogue between political parties." (2004, pp. 5-6).

(c) *Leadership and capacity development to address HIV/AIDS.* Once again, achievements under this service line did well to promote the majority of drivers as UNDP responded to HIV/AIDS. Relatively less was done to create enabling policy environments and forge partnerships for results.

145. *Capacity development enables national ownership.* The picture of 'how' UNDP pursued results becomes more informative when performance is compared across two or more of the drivers. Analysis across drivers indicate that developing national capacities can be much more effective than policy advocacy in enabling national ownership. This reinforces the view that the UNDP objective of supporting capacity development can offer a gateway to greater national ownership over the development agenda. This appears to be borne out in the composition of UNDP support in general, with a marked coincidence between the extent to which UNDP supported national ownership at the service line level and its work to help develop national capacities. For example, UNDP carried out a capacity assessment of the Kosovo provisional institutions of self-government to facilitate an accelerated hand over of authority from UNMIK to national Government structures. The assessment yielded clear recommendations to address leadership and reform management needs.

146. *Regional variations.* Analysis of how UNDP pursued results in 2004 acquires additional meaning when the drivers are viewed from a regional perspective (see figure 8, opposite). As mentioned earlier, partnering for results was strong across all five regions, but particularly so in Europe and the CIS, with 83 per cent of all work undertaken by UNDP showing a high reliance on this driver. The Asia and the Pacific region came second but assessments by country offices in the Africa region suggest that partnering for results, though still strong, was relatively less of a factor in UNDP contributions to development effectiveness.

147. While the promotion of gender equality was reported as the weakest among the six drivers in producing results, a comparison between the regions revealed some interesting impressions. Country offices in the Arab States and Asia and the Pacific regions showed relatively more emphasis on promoting gender equality than the other three regions in which UNDP works. This reflects the relative value given to promoting gender equality in these two regions, even though substantially more can be done to improve the emphasis on gender equality in programmes on the ground.

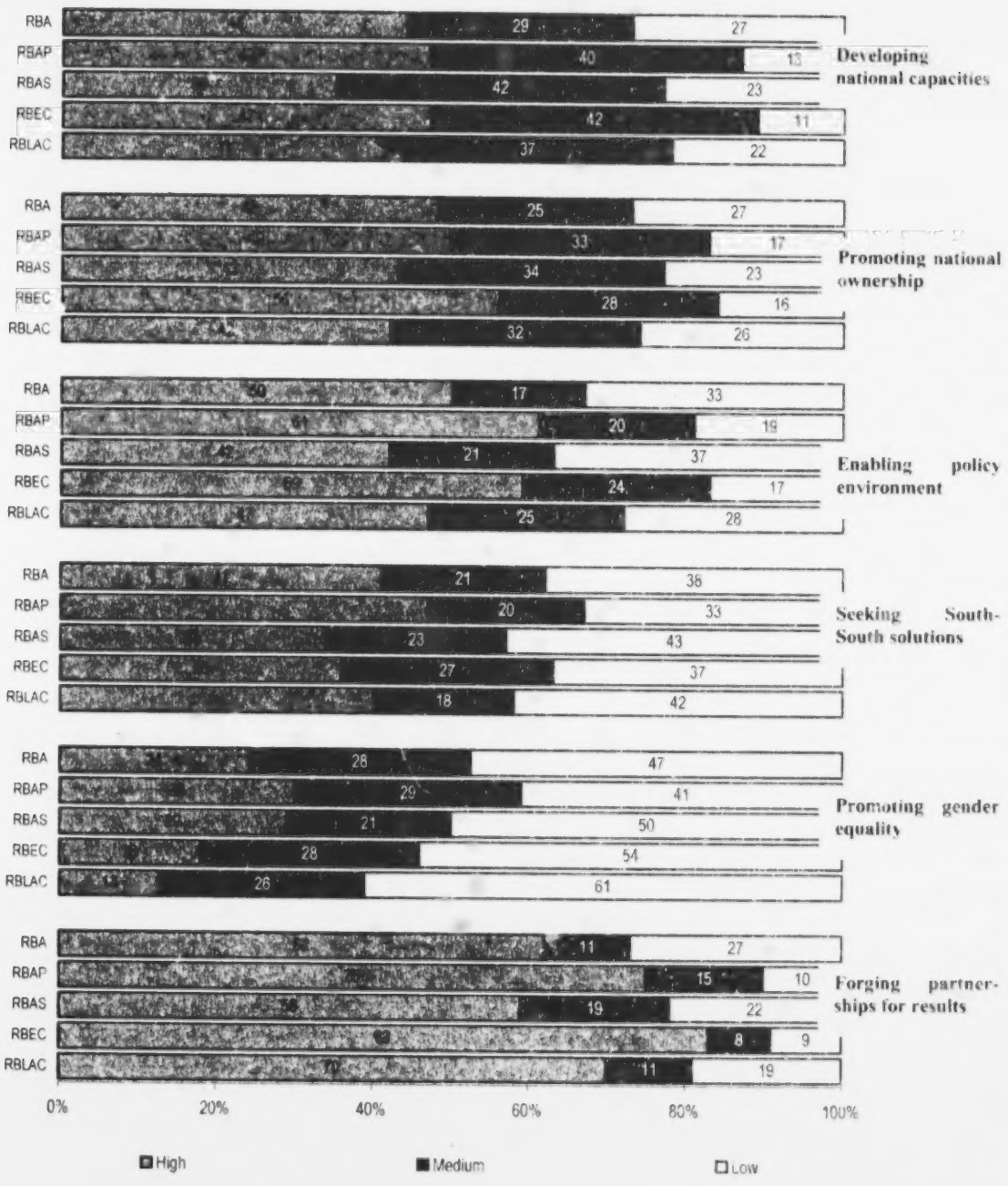
148. Country offices in the Africa region, overall, placed relatively even emphasis on all the drivers compared to offices in other regions. This contrasts with the approach to producing results in Asia and the Pacific and in Latin America and the Caribbean. In these two regions, there was much greater influence of certain drivers over others in the pursuit of results. For example, in Asia and the Pacific, relatively more emphasis was given to capacity development and creating an enabling policy environment than on promoting gender equality. In Latin America and the Caribbean, building national capacities, enhancing national ownership and creating an enabling policy environment appeared to be more important than seeking South-South solutions or promoting gender equality. Further enquiry would be necessary to ascertain whether uneven emphasis on drivers is the product of conscious prioritization or an indication of low emphasis on drivers.

Why were some drivers not emphasized?

149. Based on country office results reports, UNDP achievements in 2004 underemphasized two drivers in particular. The possible reasons for this are discussed below.

150. *Seeking South-South solutions.* The changing fundamentals of development cooperation are expanding the available choice of solutions available to include those from the South. Why then, did nearly 40 per cent of achievements supported by UNDP not consider South-South solutions to a significant degree? Immediate reasons vary. Among offices citing a low emphasis on South-South solutions, some acknowledged that South-South options simply were not considered in the pursuit of results. Others indicated that local knowledge, goods and services were of a sufficient quality to obviate South-South alternatives. In certain instances, offices observed that proprietary arrangements for specialist services from traditional development partners limited the scope for seeking South-South solutions. Country offices from the Arab States, Asia and the Pacific, and Europe and the CIS pointed out that some programme countries were now in a position to support other countries through South-South cooperation, rather than simply to benefit from support themselves. Some offices suggested that South- South options would come into consideration as programmes evolved.

Figure 8. Emphasis on drivers across the regions



In general, however, many UNDP-supported programmes continue to conceptualize and respond to development challenges within conventional terms of development cooperation, implying reliance on established relationships that under-emphasize South-South cooperation as an option. In view of this, the introduction of South-South cooperation as a driver should help guide UNDP programmes to make more use of development solutions from the South, where such solutions may be effective.

Promoting gender equality

151. With the introduction of a crosscutting driver to promote gender equality, UNDP raised the level of expectation for performance against this key development value. All country offices reported on the promotion of gender equality under every part of their portfolios, while nearly 60 offices also provided accounts of performance in specific interventions in gender mainstreaming. This means that, for the first time, UNDP has been able to collect and analyze comprehensive information on how gender equality was promoted under every thematic area in 139 programme countries. Findings from this first year of the MYFF are revealing: as of 2004, fully one half of achievements supported by UNDP appear not to have emphasized the promotion of gender equality in terms of the specific criteria established by UNDP gender experts. This points, in part, to the insufficient incorporation of gender-related dimensions into the design and implementation of *all* programmes. Findings from this year provide a basis for management responses, an examination of how prescriptive guidance and gender strategies are operationalized, and future tracking of performance (see box 21, on page 49), for further analysis of what was and was not achieved in promoting gender equality).

152. Analysis of country office results reports reveals that much important work on the ground has been done in dedicated initiatives for the advancement of women. These have been supported by policies, guidance, training and diagnostic tools (with a new corporate implementation plan also under consideration). In addition, nearly 60 country offices provided support to discrete interventions on sex-disaggregated data; gender-sensitive budgets and analysis; and integrating gender into MDGs reporting, conflict prevention and recovery, and micro-finance.

Table 8. To what extent is UNDP viewed as a critical partner (% of responses)

Drivers	Agree
Capacity development	91.7
Institutional policy reform	88.0
South-South cooperation	75.3
Promoting gender equity	90.5
Strategic partnership	88.6

153. *What our partners say.* Aggregate feedback from the partnership survey summarized in tables 8 and 9 contribute to a fuller understanding of UNDP performance in 2004. When asked to gauge the extent to which UNDP was perceived as a critical partner on the drivers, the largest group of partners – nearly 92 per cent – associated UNDP with capacity development, especially counterparts in government. UNDP was viewed as a critical partner in promoting gender equity by more than 90 per cent of partners. This favourable perception is consistent with the findings of the MOPAN survey that described the "almost unchallenged position" of UNDP on gender, citing the example of gender budgeting. This presents a different perspective from findings of self-assessed office results reports.

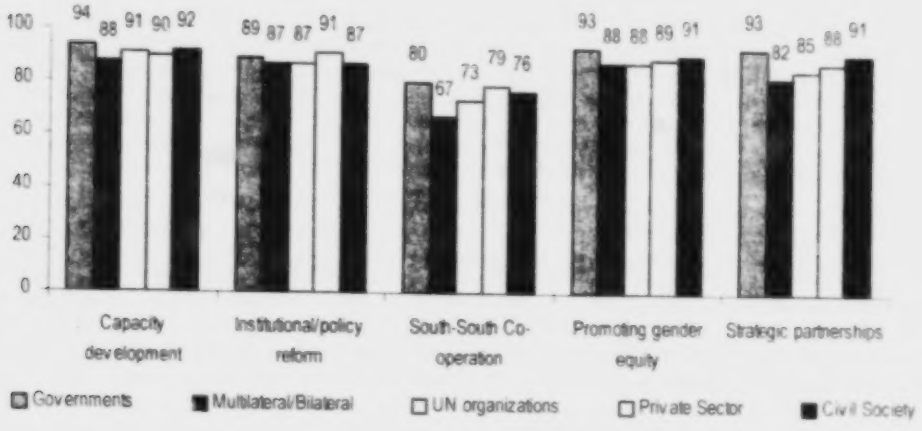
154. More than 88 per cent of partners agreed that UNDP played a critical role in strategic partnerships, although only about 65 per cent believed that UNDP had improved the way it 'partnered for results' in the last two years. The relatively moderate performance in promoting national ownership as reported by country offices was also noted: while about 65 per cent believed that UNDP had improved its performance in this regard in the last two years, over 15 per cent of respondents detected no change.

Table 9. How has UNDP changed in the last two years?[28] (% of responses)

Areas supported	Improved	No change	Worse
National ownership of projects/programmes	64.5	15.4	1.2
Facilitating partnership for development results	65.4	14.8	3.8

155. Figure 9, below, shows partner perceptions disaggregated by category. With regard to the UNDP role in institutional and policy reform, partners assessed UNDP highly. Governments tended to view UNDP as a more critical partner on the drivers than did international development partners. The biggest difference between the two – of 13 per cent – was observed in terms of the UNDP role in promoting South-South cooperation. There was a similar gap – of 11 per cent – in perceptions between governments and international development partners with respect to the UNDP role in the use of strategic partnerships. Again, governments tended to view UNDP in a more positive light than did other categories of partner.

Figure 9. Perceptions of UNDP as a critical partner in crosscutting priorities, by partner (%)



[28] The responses to this question were made in six categories: (i) Improved; (ii) Slightly improved; (iii) No change; (iv) Slightly worse; (v) Worse; and (vi) Don't know. In order to aggregate the six categories into three (Improved, No change, and Worse), the following clustering was applied: Improved = 1 + 2; No change = 3; Worse = 4 + 5. The sixth category is not included in the clustering because it is not relevant for the MYFF report analysis. This accounts for totals not rounding to 100 per cent.

Box 10. Arab Human Development Reports: how emphasizing the drivers enhances UNDP effectiveness

The positive impact of the Arab Human Development Report (AHDR) is the result of many factors. Its importance owes much to the deliberate attention that UNDP and the AHDR have given to, inter alia, the six drivers of development effectiveness. Promoting national capacities, supporting national ownership, influencing policy, considering homegrown solutions and solutions from across the Arab world, promoting gender equality and partnering throughout the preparation and release of the AHDR have all enhanced its effectiveness as a medium of change.

- *Developing national capacities.* The AHDRs have triggered development dialogue, action and capacity development at sub-national, national and supra-national levels across the Arab region. The process of preparing the AHDR has involved Arab intellectuals and organizations from across the region, thus deepening the capacity to apply a human development critique to matters of public concern. The AHDRs have provided governments and CSOs with analysis, findings and recommendations for a proactive agenda of enhancement of human capabilities. Several countries in the region have taken into consideration recommendations of the reports while formulating national development policies. Examples include reliance on the AHDR findings in deriving programmes of educational reform, employment creation, poverty-reducing growth, electoral participation and anti-corruption initiatives.
- *Enhancing national ownership.* The AHDRs are written by and for Arabs. From the outset, the process of preparing the AHDRs has emphasized broad ownership through the participation of national and regional stakeholders. As a result, the AHDRs have become a major guiding reference to donor governments cooperating with the Arab States region. The strong national ownership behind the AHDRs has therefore contributed to the alignment of international partnerships behind national initiatives that have been informed by the discourse of the AHDR.
- *Advocating for and fostering an enabling policy environment.* The recommendations and findings of the AHDRs complement the Millennium Declaration and the MDGs. In addressing several of the MDGs – for example, natural resource protection, gender equality, education, and political and economic governance considerations) – the AHDR provides additional support, through the complementarity of objectives, to progress towards the achievement of MDG targets.
- *Seeking South-South solutions.* The AHDR has resulted in projects that capitalize on the expertise, good practices and institutional capacities available across the Arab region and beyond. For example, AHDR findings led to the launch of a regional programme tackling the enhancement of quality assurance and institutional planning at Arab universities. Another programme leverages country expertise to help others harness ICT in the improvement of public sector efficiency. Similarly, the programme on governance in the Arab region has been recognized as an effective catalyst in the areas of legal and administrative reform, with initiatives including the strengthening of the rule of law, enhancing the role of parliaments and building the capacity of the media.
- *Promoting gender equality.* Gender-related needs and the empowerment of Arab women have been identified as one of the three deficits in human development in the Arab States region. As a response, the AHDR has identified gender needs analysis as a prerequisite for achieving human development objectives. The AHDR has enlarged the space for debate on women's empowerment and has underscored the importance of recent dramatic breakthroughs. These include the growing number of women executives appointed at ministerial and similar levels, a woman presidential candidate competing in Algeria, a new family law in Morocco granting women expanded rights, and a personal status law in Egypt serving a similar purpose. The Arab States regional programme includes innovative work on issues such as gender and citizenship, support to an Arab parliamentary women's network and capacity development through the Centre for Arab Women's Training and Research.
- *Forging partnerships for results.* The AHDRs have placed enormous emphasis on collaboration, making them essentially the output of rich and diverse partnerships within individual countries as well as across the region. Independent regional organizations (the Arab Fund for Economic and Social Development and the Arab Gulf Programme for United Nations Development Organizations) have supported the production of AHDRs. Private-sector entities have participated, particularly in the conduct of the various report surveys. The AHDR was prepared by an independent group of Arab intellectuals and activists. These partnerships have helped set the stage for further policy dialogue, the promotion of research and capacity development of existing national institutions, and regional partners' commitment to establishing centres of excellence for e-Government, socio-economic policies and the advancement of Arabic, among others.

IV. State of the practices[29]

156. The establishment and implementation of a practice approach by UNDP is an important element of the strategy to provide knowledge services, and is part of a broad corporate objective to develop the ability of the organization to provide high-quality support to programme countries. The substantive objectives of the MYFF, therefore, are fully congruent with the practices, and development of internal capacities and programme planning and operational processes is being guided by the needs of the practices.

157. This chapter provides a brief analysis of performance under each practice in terms of substance as well as of the institutional architecture that supports it. It is opportune, and necessary, to critically analyse and interpret performance trends and patterns of demand, and to assess internal organizational capacities to deliver relevant, innovative products and services under each practice. This is required not only for reporting to the Executive Board and other partners, but also to derive lessons that can be used to inform management action.

158. Multiple sources of data have been used in the analysis that underlies this chapter, as is the case throughout this report. Apart from country office reports on performance in 2004, other sources of data include the partnership survey; national and regional human development reports; evaluative data; ongoing monitoring and analysis by policy advisors and staff members of regional bureaux; and global literature and empirical research. While this section provides a brief overview of the analysis under each practice, more detailed analysis by service lines is available to interested delegations, and can be accessed at http://www.undp.org/execbrd/pdf/service_lines.pdf.

A. Achieving the MDGs and reducing human poverty

Country demand and substantive performance.

159. UNDP work in the poverty practice remains largely concentrated in two areas: (a) monitoring and reporting, particularly around MDG related country targets; and (b) local-level initiatives. Country office reports indicate a remarkably rapid increase during the year in the number of initiatives to support MDG reporting, and continued progress on the development and use of NHDRs.

160. Together with NHDRs, MDG reporting accounted for around one quarter of all initiatives. Another 17 per cent were devoted to local poverty initiatives, the most common being in the area of microfinance. The third most important area, accounting for 13 per cent of total activity, is pro-poor policy reform, which is centered on support to national poverty reduction strategies.

161. The emphasis on reporting and monitoring grows out of the recent high-priority campaign to help countries produce MDG reports. Forty-five per cent of all outcomes under MDG reporting relate to establishing statistical and analytical capacities for MDG reporting, while another 31 per cent relate to preparing NHDRs. At the supra-national level, UNDP efforts to bring an MDG dimension to regional reporting were also notable. In Latin America and the Caribbean, UNDP partnered with ECLAC, IADB and the World Bank and produced MDG-related reports with both a thematic and country focus. In the area of NHDRs, several innovations can provide pointers for the next generation of reports, including the racial atlas for Brazil, or the development of regional and municipal NHDRs in Bolivia and India.

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[29] *Measures.* For substantive performance under the practices, measures include trends and patterns derived from country-level results clustered around core results and service lines. For the practice architecture, measures include the number and type of referrals, the size of the practice community, the female/male mix of resource persons, and so on.

Sources of data. For substantive performance: (i) Country office results reports, partnership updates, record of referrals, compiled by country offices, regional centres and policy specialists at headquarters; (ii) NHDRs and regional human development reports; (iii) UNDP publications (in the case above this could include publications on democratic governance, such as the *Report on Democracy in Latin America*); (iv) Partner survey; (v) global literature and empirical research. For Practice architecture: management information on the implementation of the Practices.

Method of analysis. UNDP management and policy analysts analyzed information from various sources to elicit trends, patterns and lessons of the past year. They studied the implications for UNDP support under each of the practices and their constituent service lines, and reflected on trends within the practice.

162. Systematic thematic links of MDG reports and NHDRs to the MDG framework are less apparent. The effect of such influential advocacy tools as the MDGs and NHDRs on national policymaking or poverty reduction strategies needs further examination. The biggest challenge for UNDP support in this area is to help lay the foundation for influencing the policy content of national poverty reduction strategies. The data appear to show that both MDG reports and NHDRs need to be more closely linked to such strategies, with MDG reports highlighting human development shortfalls, and NHDRs mounting the policy advocacy to address them.

163. Almost one out of every five intended outcomes focused on MDG reporting relate to holding events and promoting national dialogue on development issues. Such events have sparked some creative initiatives, such as the contest on human development among journalists in the Russian Federation, or debates on media freedom in Guinea Bissau.

164. The downside of the increasing emphasis on reporting and monitoring – and related to the relatively weak linkage between advocacy efforts and influence on poverty reduction strategies – is the relatively slower progress on providing policy advisory services to countries on poverty reduction strategies, which has become a major corporate priority of UNDP in recent years.

165. Nevertheless, several policy-related initiatives have continued their support to participatory processes and taken up the challenge of linking PRSP indicators with the MDGs. Some of the work on this front has been done through global or regional programmes, such as the 'macroeconomics of poverty reduction' regional programmes in Asia and the Pacific and the Arab States, and the global initiative with ILO on employment for poverty reduction. Considerable progress has also been made at the country level, such as in Tanzania, where UNDP reports comprehensive results on reviewing the first PRSP, formulating the second and linking it to the medium-term expenditure framework (MTEF). Related to this challenge, some country offices, such as in Burkina Faso, Burundi and Lesotho have supported long-term development visions. The main task now is to make such visions relevant to the MDGs and make them operational, such as through 10-year MDG strategies and five-year MTEFs.

166. The ability to exert policy influence is likely to improve during 2005-2007, as UNDP focuses consciously on identifying the policy implications of linking poverty reduction strategies to the MDG framework. The needs-assessment work of the Millennium Project is also expected to aid this transition. Furthermore, as the policy specialists of the Bureau for Development Policy (BDP) and coordinators of regional programmes are merged into a common cluster in regional centers, UNDP should be in a stronger position to focus its various policies and programmes on the central challenge of formulating MDG-based poverty reduction strategies.

167. In 2004, UNDP continued to give widespread support to diverse local poverty reduction initiatives, which accounted for 17 per cent of all poverty practice activities. This category spans a broad range of disparate interventions, including income generation, job creation, microfinance, local economic development, food security, agricultural and rural development, social services, and targeting of social assistance. Among such initiatives, microfinance remains the most coherent and the most closely linked to national policy. The great diversity of these initiatives results, no doubt, from the imperative of responding to varying national conditions, but their alignment with UNDP corporate priorities and expertise is not always clear.

168. Microfinance initiatives do impart some strategic focus to this area since they account for about one third of all activities. The 'microfinance' core result is expressed as 'inclusive financial sectors with sustainable microfinance fully integrated'. Such wording could imply a broader concern with financial institutions, but in practice the great majority of results relate to microfinance. In some countries, such as Madagascar, UNDP has progressed to supporting national microfinance strategies; while in others, such as Nigeria, it has helped establish microfinance units in central banks. In many countries, such as Mexico and Uzbekistan, UNDP is actively involved in developing microfinance capacities and expanding its outreach.

169. There is little strategic focus in the other two thirds of activities clustered under the second core result for undertaking 'replicable local poverty initiatives, linked to policy change'. As suggested by the wording, the priority for UNDP now is to *replicate* local initiatives and *link* them to policy. There has been some success in

replicating local pilot initiatives over a much broader area – such as centers for economic development in Mozambique, rural enterprise development in Bhutan, or labour-intensive infrastructure projects in Kosovo and Romania – but less success in changing national policies. The extensive use of United Nations volunteers (more than 2,000 in the area of local poverty initiatives) highlights the adoption of appropriate, cost effective modalities to catalyze change at the grass-roots level. The main challenge to UNDP for activities in this area is to consolidate efforts – in line with the microfinance model – within a more limited set of corporate priorities, build up systematic bodies of practice, and give greater attention to influencing national policy frameworks.

170. UNDP support to CSOs for achieving the MDGs and reducing poverty, while progressing, remains disconnected from work in other poverty service lines. Activities in this service line need to concentrate more on developing the capacities of CSOs and empowering them to engage substantively in the PRSPs and MDGs. Support to ICT for development is also making progress: country offices report significant success in achieving outcomes. However, this area of work remains limited in scope and is not yet well integrated into the poverty practice.

171. Using microfinance as a model, UNDP should now consolidate its support to local-level initiatives around fewer corporate priorities, systematically summing up lessons, improving programmes and concentrating more on changes in national policy frameworks. Such a concentrated effort could give an early boost to UNDP support of its newest service line, private sector development.

172. Private sector development is the newest service line for the poverty practice, accounting for only 7 per cent of all activities. Most of the activities reported under this service line relate to micro, small and medium-sized enterprises or micro-finance and country launches of the report of the United Nations Commission on the Private Sector and Development, *Unleashing entrepreneurship: making business work for the poor*, led in its preparation by UNDP and launched globally in March 2004. To date, UNDP has launched and facilitated policy dialogue around this report in more than 25 countries. Building on the recommendations of the report, the 'Growing Sustainable Business for Poverty Reduction' initiative aims to promote private sector development by facilitating specific enterprise solutions to poverty, targeting development of 'bottom-of-the-pyramid' markets and local value chains in particular.

Driver-related findings

173. In assessing the influence of the drivers of development effectiveness on programme outcomes relating to poverty reduction, country offices appear to be according high importance to developing partnerships, particularly for MDG reporting and formulation of poverty reduction strategies, where a significant focus on this driver characterizes over 80 per cent of results. By contrast, promoting gender equality does not feature prominently in the outcomes of any service line, except, of course, the service line dedicated to gender mainstreaming. The highest emphasis on this driver – which is featured in only 31 per cent of outcomes – characterizes pro-poor policy reforms. The importance of South-South solutions as a driver of development effectiveness is poorly reflected in the poverty reduction practice.

174. With the exception of forging partnerships, fostering an enabling policy environment is the most prevalent driver across the service lines of the poverty reduction practice. This finding mitigates, and to some extent contradicts, the general lack of progress on providing policy advisory services. It is, however, expected, as earlier discussed, that influence on policy is likely to improve as interventions move to the next stage of capitalizing on the policy potential of poverty assessments and advocacy efforts. It is not surprising that the highest prevalence for this driver is found in outcomes relating to MDG reporting and pro-poor policy reforms, where over 70 per cent of outcomes report a high emphasis on this driver.

175. Throughout the poverty reduction practice, there is only weak promotion of the driver for developing national capacities. Only in the service lines for pro-poor policy reforms and private sector development does support to this driver characterize close to half of the outcomes. Since UNDP is strategically committed to supporting poverty-oriented capacity development, this finding is of some concern and warrants closer critical scrutiny. Also faring poorly is the driver for enhancing national ownership: only for pro-poor policy reforms does heavy support to this driver characterize more than half of outcomes.

Practice architecture

176. Representing a community of over 1,100 practitioners and 467 registered resource persons, the poverty reduction practice is currently the largest thematic practice. Within this core group of practice members, a number of sub-practice communities emerged in 2004. For example, a global sub-practice community has been launched to help support UNDP work in public resource management.

176. There have also been a number of regional practice initiatives. For example, in Europe and the CIS in 2004, a sub-practice community of country-level practitioners has been established under the leadership of the regional centre to support work on small and medium-sized enterprise development. A number of standardized products were developed to enable the sub-practice community members to easily exchange best practices and lessons learned. In Johannesburg, the poverty reduction team is working directly with country office practitioners involved in the PRSP process to identify and codify best practices.

177. The global network of poverty reduction practitioners enables professionals from every region, country office and service line to share knowledge and lessons learned, to contribute substantively, and to backstop each other's work. In 2004, the poverty reduction practice network addressed 135 queries and held two expert-moderated 'e-discussions'. One discussion, entitled 'PRSPs and PRGFs: inclusive processes for effective poverty reduction', inspired a discussion note that operates as a reference for country office work on second-generation poverty reduction strategies. Practice members also addressed the challenges of working with the private sector through an e-discussion on 'The United Nations/UNDP role in private sector development'. In addition, members were able to submit comments directly into the draft report of the Millennium Project. To support the day-to-day work of community practitioners, the poverty reduction practice workspace was launched, providing a 'one-stop shop' for practice news, practice notes, guidelines, network summaries and other materials. A bi-monthly practice news update was inaugurated to circulate practice news and resources.

178. The poverty reduction practice has taken the lead in establishing a set of 'virtual advisory groups' composed of distinguished persons from partner United Nations organizations, NGOs, research institutes and universities, who respond to practitioners' queries within our poverty reduction service lines. The advisory groups have helped to infuse external perspectives into our sub-practice communities by providing a space for external specialists to share their experiences and expertise. As such, the network has increasingly become a mechanism for both finding comparative experiences and securing globally valid expert advice.

B. Fostering democratic governance

Country demand and substantive performance

179. The Millennium Declaration, which has been the UNDP development and governance manifesto since the year 2000, underscored the commitment of the international community to promote democracy, strengthen the rule of law and respect all internationally-recognized human rights and fundamental freedoms, including the right to development. It is not surprising, therefore, that nearly as many country offices of UNDP support actions to foster democratic governance (130 countries) as to achieve the MDGs and reduce human poverty (136 countries). Africa remains at the core of UNDP governance work, with 85 per cent of the countries reporting activity. The other four regions are not far behind. The democratic governance practice is the second-largest thematic practice area for UNDP, and it continues to grow. Globally, UNDP has now become the largest provider of democratic governance services.

180. The greatest concentration of UNDP work in this practice is in the area of decentralization and local governance. Decentralization, together with support for public administrative reform, is one of the services that UNDP has been providing for nearly two decades. However, the continued dominance of local governance within governance support work attests to the importance this service line is accorded in all five regions. UNDP support sustains both the central governments' agendas towards devolution and the local capacity-development efforts in towns, villages and cities. A good example is the support provided by UNDP for preparing the Department development plan carried out in the cities of Tarija and Santa Cruz in Bolivia, and the establishment of a knowledge management platform for local governance across Latin America and the Caribbean. Effective implementation of decentralization strategies includes mechanisms to ensure the

transfer of resources to provincial and local levels. UNDP was active in this area in 2004, achieving success in Bangladesh – to cite one example – where the block-grant model piloted by UNDP/UNCDF was adopted by the Government of Bangladesh, which announced grants to all 4,500 union councils.

181. The strategy of 'localizing the MDGs' aims at providing service delivery through democratic participatory processes; blending the governance aspects of local capacity- and institution-building with effective results in addressing the HIV/AIDS pandemic; and ensuring a sustainable environment while promoting local development.

182. Country office reporting for 2004 reflects an interesting shift in the overall governance portfolio towards increased demand for services where UNDP has comparative strengths at supra-national, national and sub-national levels. At the supra-national level, for example, UNDP was designated as one of the strategic partners of the African peer review mechanism and was mandated to provide technical and financial support to facilitate early commencement of peer reviews using its country office network in Africa. Support has since been extended to peer reviews in Ghana, Kenya, Mauritius and Rwanda. In Latin America, UNDP launched the report *Democracy in Latin America: towards a citizen's democracy* in partnership with the European Union. The Report offered a comprehensive analysis on the state of democracy in eighteen Latin American countries and proposals aimed at guiding the debate on democratic governance in the region. It created new space for the debate on democracy in Latin America within the region and internationally. At the national level, UNDP support in Liberia put into place an institutional framework for the operation of the truth and reconciliation commission. Services promoting justice and human rights, for example, have become the second priority for the programme countries and have pushed UNDP response significantly forward from where it was in 1998, when this service line first appeared in the UNDP agenda and mandate. This has been helped by global advocacy efforts such as Action 2 of the Secretary-General's reform agenda and joint initiatives between UNDP and the Office for the High Commissioner for Human Rights. At the sub-national level, community-based policing was initiated in Albania after training of police staff on community problem-solving in five pilot areas.

183. Likewise, in support to elections and parliaments, areas that have grown in importance over the past several years, UNDP is now recognized as one of the key providers of technical cooperation, again building on its strength of being trusted and perceived as being neutral. Today, UNDP globally supports one out of every three parliaments and, on average, one election every two weeks somewhere in the world. Development of electoral laws and guidelines for political party registration (Liberia); institution and capacity development support provided to strengthen electoral commissions (Afghanistan); training of women on political participation (Egypt); election campaigning and leadership skills, are some of the key support areas under this service line. Perhaps the most prominent example of work in this area during 2004 was Afghanistan, where elections were held following registration of more than 10 million voters, with critical institution and capacity-building support provided by UNDP. More than 500 United Nations volunteers were involved in Afghanistan in voter registration and the training of 125,000 national electoral officers. The value of UNDP neutrality was also in evidence in Europe and the Commonwealth of Independent States. In Ukraine, UNDP helped to establish an independent high-level commission in summer of 2004 to formulate a vision and propose economic and other reforms for the new Government. The commission consulted not only civil servants but also other key segments of society. An action plan for implementing the recommendations has since garnered the support of the international development community.

184. UNDP has been, over the last decade, a leading provider of technical advice in public administration reform. In recent years, support in this area has grown as the links between public administration, capacity development and achieving the MDGs have become better understood, and as other partners have increased their role in this field. This has led UNDP to reorient its position and identify types of support to programme country governments that can improve the prospects of lasting impact. Based on its comparative strengths, this gradual adjustment has resulted in a greater emphasis on capacity development for policy making at the highest level and anti-corruption initiatives where the qualities of neutrality are most valued, and on mediation between governments, international financial institutions and bilateral donors. For UNDP, therefore, anti-corruption initiatives are increasingly becoming an entry point for broader public administration reform.

185. E-governance and access to information activities showed a noteworthy consolidation in 2004, with over 30 country offices reporting core results where the use of ICT in government functions had a strategic value in terms of increased access to information, transparency of operations and improved accountability. The challenge for UNDP is to ensure that the support provided remains focused on the policy and governance aspects of information and communications technologies, rather than on the provision of hardware for governments, courts, legislatures and other institutions.

186. An examination of country programme outcomes in democratic governance suggests that country demand for services is becoming more sophisticated and nuanced, again towards those elements where UNDP neutrality brings an advantage over other service providers. In parliamentary development, for example, the trend is moving away from conventional support for legislative functions towards enhancing the representational and oversight functions of parliament. In electoral assistance, the thrust is increasingly towards the provision of between-the-ballot-box support to professionalize electoral management bodies and to enhance the participation of under-represented groups – particularly women – in electoral processes. Within the justice and human rights service line, the tendency is increasingly towards matters of access to justice for the poor, and human rights – a departure from traditional assistance in justice-sector reform.

187. With a global network linking field and headquarters governance practitioners, UNDP is now able to anticipate future demand for democratic governance services. In mid-2004, an active network e-discussion occurred on the topic of UNDP engagement with political parties, with contributions from 45 countries. One of the challenges for UNDP will be to develop a policy orientation to respond to the emerging demand for such assistance while remaining a neutral facilitator of development cooperation.

Driver-related findings

188. The analysis of performance in this practice with respect to the promotion of drivers of development effectiveness indicates a broad consistency with the corporate picture, entailing strong emphasis on forging partnerships for results and a mixed picture on developing national capacities, fostering national ownership and seeking South-South solutions. Mirroring the corporate pattern, outcomes under the governance practice have generally not adequately integrated the gender driver into implementation strategies, with fifty per cent of outcomes according a low emphasis on promoting gender equality. Neither are there sharp variations between the governance service lines: from parliamentary development to public administration reform, the pattern is invariably positive in forging partnerships and national capacity development, insufficient in applying South-South solutions, and poor in gender equality.

189. One of the main challenges for the democratic governance practice is to build on ongoing efforts and raise the emphasis on gender equality in the terms identified by UNDP. Policy guidance, and toolkits that provide ways and means to mainstream gender, are already being developed or implemented. Anticipating a further push in 2005, the governance trust fund is introducing incentives to mainstream gender into projects approved under the fund, and the results of this will be reported on next year.

Practice architecture

190. The democratic governance practice has recently been mapped and organized in three levels of expertise: novice, standard, and resource person. It comprises 1,200 practitioners and 380 registered expert practitioners, and constitutes the second largest thematic practice of the organization. The 'community' covers all five regions and all the country offices of UNDP, and includes advisors from the Oslo governance center and the democratic governance group in BDP. Several sub-practices have been developed. The local governance and public administration sub-practices count over hundred experts each. Following the success obtained by the Asian Access to Justice initiative (a sub-practice launched by the SURFs in Bangkok and Kathmandu), two new sub-practices in the governance orbit, one on security sector governance and the other on 'dialogue' have been created in Latin America. The results are already visible in terms of demand and show that the practice architecture is a flexible network, able to adapt and adjust to evolving needs of the clients. The democratic governance practice has also strengthened its communities of practitioners and its partnerships in the areas of public administration and elections through the convening of two Practice events (Bratislava and Manila, respectively), which have allowed for the development of policy and guidance materials for programming.

191. The democratic governance practice network has almost doubled in membership in 2004, from 758 members in January to 1,213 practitioners by the end of the year. As mentioned earlier, an active network e-discussion took place this year on the topic 'UNDP's engagement with political parties' with 79 contributions from 45 countries, which will result in policy orientation on the issue. The network received 99 queries in 2004, providing 73 consolidated replies, four e-discussions and 10 network digests. Significant themes covered included electoral systems and processes, the theme of an urgent query launched by the Administrator to inform the United Nations strategy in assisting democratic transition in Iraq.

Box 11. Promoting gender equality: what was achieved, what was not, and why

Programme countries sought to promote gender equality with UNDP support during 2004 by introducing explicit considerations for gender equality across all thematic areas, as well as with specific interventions under the service line for gender mainstreaming. UNDP treats the promotion of gender equality as a top priority, and actions at the corporate, regional and practice levels during the last calendar year bear this out. In addition to collaboration with UNIFEM, partnerships have been either established or strengthened with the Office of the Secretary-General on Gender Issues, OECD, various United Nations organizations and the World Bank, among other partners.

The introduction of gender equality as a driver of development effectiveness under the current framework has raised expectations of performance, and the reporting by country offices on this driver in 2004 is a direct expression of that emphasis. New criteria were introduced to guide the setting of strategic priorities with gender equality in view, and to examine the extent to which it is promoted through UNDP support. Each office assesses progress towards every country programme outcome based on whether the following actions took place: (a) gender-needs analyses conducted as a pre-requisite to, or main element of, programming; (b) facilitation of women's representation and participation in making or influencing policy decisions and resource allocation; (c) actions that empower women, in the form of dedicated interventions, financial commitments and other forms of resource allocation; and (d) the promotion of approaches to incorporating gender considerations into national policy frameworks, legislation and MDG processes. While responses to these questions have enabled the UNDP, for the first time, to systematically capture and assess the mainstreaming of gender concerns, it has revealed that gender equality has yet to feature strongly within all UNDP-supported programmes. Below is a summary of findings on that support during 2004.

(a) *Reducing human poverty.* UNDP support produced advocacy to address the gender dimensions of all the MDGs, enhancing the use of gender-based analysis in MDG reports in at least 35 countries. The collection of sex- and gender-disaggregated data led, in some instances, to the institutionalization of a gender database. Several governments are now incorporating gender issues into national policies and plans, and of the 36 adopted or implemented national action plans featured in country office results reports, 25 per cent are associated with the advancement of women and gender equality. Analysis further reveals that public policies and national budgets have tended to incorporate gender concerns in countries where NHDRs have been prepared, indicating the influence of this UNDP-supported instrument. Elsewhere, the introduction of gender-sensitive budget studies has helped to highlight the rights-based approach to development for equitable planning and resource allocations, as well as tracking revenues and expenditures in line with international commitments for achieving the MDGs. Simultaneous efforts in capacity development of government counterparts and civil society, and the development of tools and manuals on gender mainstreaming to aid the translation of the Convention on the Elimination of All Forms of Discrimination against Women into national domestic contexts, were also recorded.

While UNDP has done much to bring gender-sensitive methodologies to reporting, monitoring, planning and budgeting, some aspects of the its efforts to reduce human poverty would benefit from greater gender sensitivity. This includes bringing a more explicit gender-sensitive optic to its work to support trade, finance and globalization.

(b) *Fostering democratic governance.* At least 15 country offices reported on increased support for the establishment of gender-responsive jurisprudence and the elimination of violence against women. Such efforts involved capacity development of the judiciary, quasi-judicial bodies and NGOs; the introduction of gender sensitive court procedures; establishment of violence-against-women committees at local levels; and free legal services for victims of gender-based violence (including victims of trafficking). With UNDP support, at least 16 countries are attaching greater importance to women's human rights by harmonizing laws in conformity with the Convention. In some of these countries, in order to promote the equality of women in public life, measures have been taken to overcome gender disparities. These include the introduction of a 30-per-cent quota for women's representation in Parliament and gender equality acts including laws on inheritance. UNDP also sought to concentrate on improving the capacity of women voters, candidates and elected women representatives to influence policies and plans in eight countries, including Afghanistan and Iraq.

A cautionary note is necessary. UNDP support to the formulation of national policies and governance reforms tended to understate gender considerations, diluting the advocacy efforts for policy influence by women. A lack of focus on gender issues in public administration, fiscal reforms and anti-corruption issues was noted. UNDP work in support of justice and human rights fared relatively well, but more remains to be done, as it was observed that many intended outcomes and annual targets did not emphasize gender balance in capacity development of the judiciary and dispensation of justice.

(c) *Energy and the environment.* At least nine country offices focused on support to ensure that women enjoy sustainable livelihoods and participate meaningfully in the management of natural resources and biodiversity. UNDP-supported interventions, notably in sub-Saharan Africa, aimed at reducing women's workload and household drudgery by introducing appropriate technologies such as energy-saving and smokeless cooking stoves. This reduced dependence on fuel wood and led to improved sanitation and hygienic conditions, including better health among the women and children. On a broader but related front, UNDP offices highlighted their work to involve women in another nine countries in Africa and Asia to combat land degradation and desertification, providing for the replenishment of renewable resources through reforestation and reducing the time spent in fuel and fodder collection.

As with work in other practices, gaps in preparation affected the gender sensitivity of some UNDP work in supporting energy and the environment. At least 15 country offices commented that the plans, policies and interventions supported on energy and environment were, at best, 'gender neutral' in their approach. This limited the potential of UNDP-supported programmes to mainstream gender in the results being pursued. At least four country offices observed that the absence of prior gender analysis curtailed women's participation in the environmental management.

(d) *Crisis prevention and recovery.* Rehabilitation interventions in housing and income-generating activities supported by five countries in the Africa region were notable for the priority accorded to women, particularly to women-headed households. Prioritization of the role of women was also evident in disaster preparedness and risk mitigation. At least six country offices recounted specific gender-sensitive capacity enhancement initiatives and gender needs assessments for disaster preparedness. These efforts extended to including support to women's increased participation at the local level in the implementation of national disaster reduction plans as a critical element of women's empowerment.

The burden that falls on women during and after conflicts is well known, but ensuring that gender considerations feature in conflict mitigation and peacebuilding remains a major challenge. Efforts require speedy action in fluid environments, and the involvement of a variety of partners means that sensitivity surrounds the setting of priorities. The effects of this are clear: an absence of women as change agents in conflict mitigation and peace negotiation processes, as well as in mine action and the demobilization of ex-combatants.

(d) *Responding to HIV/AIDS.* With the support of UNDP, five countries across three regions set up community conversations that have helped break the silence around HIV/AIDS; the taboo on women's sexuality; and cultural practices that fuel the HIV/AIDS epidemic. UNDP support has meant that more women are managing 'people living with HIV and AIDS' associations and are engaged in gainful employment activities. Capacity development efforts for leadership have enabled the formulation of breakthrough initiatives to address HIV/AIDS issues from a governance perspective. Women are increasingly involved in the planning and decision-making processes of HIV/AIDS national and district strategic plans.

While these experiences demonstrate the scope of work undertaken with UNDP support to respond to HIV/AIDS, the feminization of the epidemic calls for a comprehensive approach to ensure that UNDP support in this area remains effective. This, as the HIV/AIDS practice section of this chapter discusses,,remains a challenge for UNDP.

From the above, the picture of UNDP performance during 2004 appears complex and rich in detail. There are a number of lessons to be drawn from this, each of which is being reviewed in close detail by management across the organization. For example, one approach to addressing the challenges of mainstreaming lies in achieving consistency between the criteria used to promote gender equality in programme formulation, appraisal and planning, and that used to assess the extent to which it was promoted. In this way, UNDP expects to reinforce its institutional approaches to promoting gender equality.

C. Energy and the environment for sustainable development

Country demand and substantive performance

192. One hundred and twenty-eight countries – representing more than 90 per cent of programme countries across all regions – are engaged with UNDP in managing energy and the environment for sustainable development. Reflecting the need to address the interrelated social, economic and environmental dimensions

of sustainable development, the greatest concentration of work for UNDP under this practice is in the area of frameworks and strategies for sustainable development, representing 29 per cent of all reported practice outcomes. In fact, this service line accounts for the second-highest concentration of activity in all UNDP work. Country data for 2004 reveals an explicit attempt, under this service line, to link environmental considerations to poverty reduction strategies, suggesting that the conscious linking of UNDP work in energy and environment to broader poverty reduction efforts is becoming a manifest aspect of UNDP support in nearly one hundred countries.

193. The second-highest area of country demand is for the conservation and sustainable use of biodiversity, representing 23 per cent of outcomes. In 47 countries, support to biodiversity initiatives has resulted in specific progress in integrating biodiversity into one or more of their agriculture, forestry, rangeland and grazing, coastal management, fisheries, and wildlife sector strategies, while 66 countries made progress in adjusting their legal frameworks to incorporate biodiversity.

194. Access to sustainable energy services constitutes the third-largest service line in terms of country demand, representing 21 per cent of outcomes under the practice. Each of the other three service line areas represents 8 to 10 per cent of practice outcomes.

195. An analysis of 2004 country office results reports, supplemented by evaluative evidence across the organization, shows that there are interesting cross-thematic linkages and complementarities of demand between the poverty reduction and energy and environment practices. A significant proportion of country programmes appear to recognize how some of the more strategic interventions in environment and poverty reduction are mutually reinforcing. Over 100 intended outcomes are focused specifically on integrating the environmental dimensions in poverty reduction strategies. For example, country frameworks and strategies for sustainable development, in particular, focus increasingly on the integration of environmental issues, environmental management and MDG 7 priorities in poverty reduction strategies and PRSPs. UNDP support to land management, also, is essentially cross-practice in nature and in many cases interlinked with poverty reduction monitoring and reporting. Access to energy and water, too, is an integral part of the poverty reduction efforts. The UNDP focus on energy-poverty linkages has been strengthened to integrate the role of energy into national MDG frameworks and poverty reduction strategies. Intended outcomes related to the promotion of rural energy services delivery has focused on expanding access to mechanical power and heating and cooking fuels to address the needs of the poor, particularly women. This is an indication that the links between poverty reduction and the environment sustainability have gone beyond the awareness-raising phase to seeking practical means of making progress in strengthening the poverty-environment nexus.

196. On the down side, while there is considerable effort on policy and strategic planning of resources, and a broad recognition of poverty-environment linkages, there have not yet been sufficient demonstrated results on delivery of community water and energy services to contribute significantly to progress on MDGs. Only a quarter of total outcomes in the areas of water governance and energy access areas are devoted to service delivery, an important area if there is to be tangible progress towards the realization of MDG objectives.

197. In 2004, the energy and environment practice was active in reorienting itself towards the new realities of development cooperation. For example, in terms of integrating security concerns, some of the key areas for the practice are climate change; natural disaster prevention and recovery; and transboundary environmental cooperation, which can facilitate dialogue, reducing or diffusing the potential for conflict. In particular, the practice developed a cross-practice note in cooperation with the Bureau for Crisis Prevention and Recovery on integrated climate risk management approaches in Latin America and the Caribbean. The considerable transboundary portfolio of UNDP with GEF, under the focal areas of international waters and biodiversity, continued to build frameworks for cooperation and dialogue between countries in 2004, while work on climate risk assessment has resulted in a large body of guidance to assist national governments.

Driver-related findings

198. Broadly in line with organization-wide patterns, the majority of outcomes in the energy and environment practice demonstrate a significant emphasis on partnerships for results, reinforced and given impetus in the wake of WSSD in 2002. Partnership agreements include local private-sector and community action in

Zimbabwe; support to environmental management in the decentralization process in Rwanda; and partnerships between NGOs, national governments and research institutions in Romania, the Dominican Republic, Kuwait and Azerbaijan. Partnerships with the GEF and the Multilateral Fund supported the majority of activities in energy and the environment. Contributions to the thematic trust fund were not significant in this practice.

199. With a view to improving gender equality through energy and environment activities, the practice has been active in initiating cross-practice initiatives. Both the sustainable energy and water governance service lines have worked with the UNDP gender team to develop guidelines for mainstreaming gender into programmes and projects in these areas. Through promoting such tools, the practice aims to correct the disappointingly low emphasis (65 per cent) on gender equality in the achievements of results.

200. In terms of encouraging South-South cooperation, the energy and environment practice has supported a mission from the Latin America region in response to a request from Europe and the CIS countries to learn from southern knowledge and experiences on debt swaps. In addition, the Latin America region continued to host their innovative 'environmental solutions' fairs – this year on eco-tourism – to showcase tried and tested environmental solutions for potential replication. Finally, the Equator Initiative continues to be the practice's most effective mechanism for seeking out and drawing attention to community-based and designed initiatives to create sustainable livelihoods while preserving biodiversity. The year 2004 saw community members sharing knowledge with decision-makers and their peers in international fora, including the World Conservation Congress in Bangkok and the Forum on Indigenous Issues in New York.

201. In 2004, the energy and environment practice network grew from a membership of 700 to 1,000, indicating that the practice community is increasingly aware of and making use of the tools provided by the practice. In 2004 the network dealt with 47 requests for comparative experiences from UNDP country offices, and 42 requests for expert referrals, using internal expertise for short-term consultancies to enhance in-house capacity to support programme countries. An emphasis was placed on raising the quality of contributions to the network, as evidenced by positive testimonials received from members.

202. The network was particularly active in facilitating cross-practice collaboration, as evidenced by several e-discussions during 2004 which drew participants from other practices. Noteworthy were discussions on poverty-environment linkages, mainstreaming the environment into PRSPs, and country progress towards MDG 7. Concrete outcomes of these discussions included a practice note on MDG 7, produced in collaboration with MDG-Net, and another on poverty and environment linkages, a toolkit and an assessment of results in mainstreaming environmental concerns into national strategies in Africa, produced in collaboration with UNDP's expert group working on capacity development.

203. In 2004, one of the main trends encouraged by the practice has been the growth of regional networks focusing on specific issues of particular relevance to that region. For example, in the Arab States region, the highly successful sub-practice looking at sustainable livelihoods in drylands expanded in 2004 to include partnerships with other organizations working on the same issues in the region, while in the Asia-Pacific region a similar sub-practice was established based on the lessons learned from this successful model.

204. Several sub-practices were established following regional workshops, which have been shown to be invaluable in strengthening the practice community in the region, facilitating discussions to define specific regional priorities and building staff capacity for project implementation. For example, five workshops took place in 2004, covering Africa (Windhoek and Bamako), looking at building cross-practice linkages to advance MDG 7 and poverty reduction, and financing for sustainable development. Workshops on the theme of sustainable livelihoods were held in Asia and the Pacific, and in Europe and the CIS, where an initial practice workshop on knowledge management called for a follow-up workshop six months later to develop a regional climate-change programme, now under implementation. In total, 196 energy and environment focal points from country offices were able to benefit from participating in these workshops, while for the first time external partners were invited to present their work, such as the World Conservation Union in Bangkok, in order to expand the practice beyond UNDP. A further development in 2004 was the creation and implementation of the practice implementation map, which allows the practice to identify areas of expertise and, conversely, capacity requirements, to aid in designing training materials and workshops.

D. Crisis prevention and recovery

Country demand and substantive performance

205. Over the past three years, since the consolidation of the UNDP crisis prevention and recovery work into a practice, there has been a steady increase in the number of countries identifying their programmes as being tied to one or more of the crisis prevention and recovery service lines. This trend reflects the changing international environment, where instability, insecurity and conflict frequently accompany underdevelopment. This is particularly troubling from a development perspective, as experience has shown that violent conflict and/or recurrent natural disasters can erase decades of a country's development progress and prevent it from overcoming poverty and addressing social, political and economic inequalities. The commitment to eradicating poverty and empowering the poorest and most vulnerable groups places conflict prevention and recovery at the core of the UNDP development agenda.

206. In 2000, 54 countries reported on conflict prevention and recovery; in 2001, 63 countries reported; in 2002, 66 countries reported; and in 2004, 80 countries sought UNDP support under this practice. The trend is clear. Notwithstanding the marked increase in country demand for support in crisis prevention and recovery, the actual number of countries availing themselves of UNDP support in this area is even higher, as some countries have chosen to report their crisis prevention and recovery work under other practice areas.

207. The year 2004 saw a series of conflicts and natural disasters afflicting a growing percentage of the countries where UNDP works. The crisis prevention and recovery practice saw consolidation, growth and a steep increase in demand during the course of the year.

208. In terms of the distribution of programme activity across the practice, in 2004, 40 countries specifically sought UNDP support for natural disaster reduction. Of the service lines dealing with conflict and its aftermath, UNDP worked with 31 countries on recovery, 25 on conflict prevention and peace-building, 21 on small arms reduction, disarmament and demobilization, 18 on mine action, and seven on special initiatives for countries in transition. For example, UNDP participated in the Mano River Union Initiative involving Côte d'Ivoire, Guinea, Liberia, and Sierra Leone. The initiative is helping with the exchange of experiences and lessons learned, and examining common challenges in a post-conflict environment. These include reform of the security sector; disarmament and reintegration of ex-combatants; transnational organized crime; post-conflict transition and peacebuilding; promotion of democratic governance; capacity development; and economic recovery.

209. The relative distribution of programmes across the practice has not changed greatly over the past two years. A key difference, though, is a relative decline in the number of countries working under the conflict prevention and peacebuilding service line as compared to the other service lines. The apparent shift does not indicate a reduction in demand for this type of work. Rather, it is a probably function of three factors: (a) a degree of success in mainstreaming conflict prevention into the other practices areas of UNDP; (b) a consequence of changes in the MYFF reporting structure from 2000-2003 to 2004-2007, which has led to service line separation and refinement; and (c) a reluctance on the part of country offices to report activities under this service line due to political sensitivities.

210. In 2004, the practice was engaged in important areas of work that are likely to strengthen practice results significantly in programme countries. First, UNDP developed tools for mainstreaming conflict prevention into development strategies in pre- and post-conflict countries. Second, UNDP collaborated closely with DPA and DPKO to deepen collaboration and programming in crisis situations. In the case of the former, the work was focused on developing national capacities for conflict prevention and promoting multi-stakeholder consensus building; and in the case of the latter, it focused on developing international norms and standards for the demobilization, disarmament and reintegration of ex-combatants. Third, UNDP worked with 13 other United Nations organizations to revise and update the United Nations inter-agency policy on mine action. UNDP also issued detailed policy recommendations on mainstreaming mine action into development. Fourth, UNDP worked with other United Nations partners to make the Inter-department Framework for Coordination a more effective mechanism for supporting UNCTs in developing strategies for early conflict prevention, with a special focus on addressing the structural causes of conflict. Fifth, UNDP worked with UNDG and the

World Bank to develop a joint methodology, the 'post-conflict needs assessment', designed to help national authorities, civil society organizations and international donors coordinate their analysis and response to a country's post-crisis recovery needs. Sixth, UNDP contributed to the UNDG-ECHA working group on transitions. Finally, UNDP has been active in several disaster risk-reduction regional studies and initiatives and has produced a disaster risk index that allows cross-country comparison with respect to hazard types.

211. Over the past decade, the UNDP role in crisis and post-conflict programming has been evolving at the same time as other United Nations agencies, funds and programmes have been accelerating their engagement in crisis situations. The recently revived interest of the international community in the relationship between security and development, and the recommendations for United Nations reforms in the area of peacebuilding coming out of the High-level Panel on Threats, Challenges and Change, provide added impetus for UNDP and its development partners to jointly plan and harmonize development interventions and clarify divisions of labour. In order to meet the increasing demand from countries for assistance in crisis prevention and recovery, UNDP will need to continue to build its post-crisis programme implementation capacity at the country office level and increase its capacity to respond to requests for assistance in transitional planning and interagency facilitation of joint recovery programming. In addition, UNDP will need to continue to develop its surge capacity: maintain consultant rosters; keep specialists on retainers; encourage Member States and other organizations to second staff members; foster the engagement of United Nations volunteers; and ensure that staff members throughout the organization are trained on crisis prevention and recovery issues.

Driver-related findings

212. Country office reporting for 2004 on the integration of the drivers of development into crisis prevention and recovery work indicates some serious shortcomings. Crisis prevention and recovery programmes reported the lowest attention to developing national capacity; enhancing national ownership; advocating for and fostering an enabling policy environment; seeking South-South solutions; and forging partnerships for results – in short, a poor performance across all the drivers except promotion of gender equality. This may be a function of the relative newness of this practice as compared to others, and the need to provide country office staff members with tools to help them adopt good practices; or it may point to the fact that there are particular challenges in integrating these drivers in crisis work. Explanatory factors may include the political nature of crisis prevention and recovery programmes, which make it difficult to promote specific drivers like national ownership. In fact, in highly charged political situations, UNDP may choose to underplay the national 'buy-in' it has secured in order to maintain a neutral status. Initial feedback also points to the need for providing country office staff members with better tools to help them integrate the drivers into their programmes. Whatever the case, this issue needs additional careful analysis and attention in 2005.

213. In contrast, many country offices reported that they addressed issues of gender equality in their programmes (25 countries reported high emphasis on the gender driver in the context of the crisis prevention and recovery practice). Further analysis of responses on the gender driver indicates that more countries reported giving attention to the facilitation of women's participation, followed by the use of gender analysis as a methodology for programming and for influencing national policy, and last, by specific interventions leading to resource allocations for women's empowerment.

Practice architecture

214. The crisis prevention and recovery practice network (CPR-Net) continued to play a vital role in fostering a community of CPR practitioners and bringing together field practitioners through workshops and virtual exchange. As indicated in the practice experience map, the crisis prevention and recovery practice has 386 registered practitioners. However, many more staff members than those registered were members of and participated in CPR-Net. In 2004, CPR-Net membership almost doubled, to 1,000 members. Of these almost 70 per cent are country office staff members, indicating the increasingly decentralized nature of the crisis prevention and recovery practice community. Members used the CPR-Net 94 times for referrals in 2004, with the focus on disaster reduction, justice and security sector reform and conflict prevention and peace building related topics. The interest in justice and security sector reform has strengthened collaboration with the democratic governance practice and contributed to a number of joint preparations of papers for the network.

215. To strengthen crisis prevention and recovery capacities in Africa, 85 practitioners from across the continent were brought together in two workshops in 2004 to discuss common approaches, share challenges and experiences as well as learn about latest programmatic and operational policies and procedures for crisis prevention and recovery in UNDP. Participants evaluated these workshops as excellent tools and fora for in-depth crisis prevention and recovery learning and exchange, and such events will be continued in 2005.

216. While CPR-Net was strengthened and consolidated in 2004, it aims to progress to the next level in 2005, with the production of policy notes after referrals, establishment of a UNDP external advisory group, support of national in-country networks on crisis prevention and recovery, increased language services and improved web-based tools for information and knowledge exchange.

E. Responding to HIV/AIDS

Country demand and substantive performance

217. In the 1990s, UNDP work on HIV/AIDS concentrated mainly on raising awareness of HIV/AIDS as a development issue with devastating social and economic consequences. The UNDP role has evolved, over time, into being an integral part of the response, planning and implementing multi-sectoral response strategies that mobilize key national actors, including governments, civil society and the private sector, to reverse the course of the pandemic. In 2000, UNDP made HIV/AIDS one of its top organizational priorities. Later in 2003, HIV/AIDS became a full-fledged practice area and a distinct goal under the MYFF, with three service lines: (a) Leadership and capacity development; (b) Development planning and implementation; and (c) Advocacy and communication. The recent evaluation of the second global cooperation framework of UNDP reconfirmed the synergistic and strategic value of the HIV/AIDS service lines, stating, "UNDP's corporate strategy and service lines [under HIV/AIDS] are founded on the organization's strengths and provide a solid foundation for actions to address the current challenges of the epidemic." The report further noted, "This strategy must be expanded globally and scaled up within countries".

218. Demand for UNDP support under the HIV/AIDS practice continues to grow steadily and rapidly, nearly doubling from 55 countries active in the area in 2000 to 97 countries in 2004, representing an 85 per cent increase in country engagement. The regional distribution is led by Africa, with 37 country offices reporting, followed by Europe and the CIS, with 19 country offices active in this area; Asia and the Pacific and Latin America and the Caribbean, each with 16 country offices reporting; and the Arab States region, with nine country offices reporting on HIV/AIDS.

219. An analysis of country-based initiatives reveals that development planning and implementation remains the most active service line (76 outcomes reported), closely followed by 'leadership and capacity development' (71 outcomes). Country office reports demonstrate that the majority of outcomes associated with development planning and implementation focus on national strategic development planning and mainstreaming HIV/AIDS into key sectors and ministries. It appears that overall multi-sectoral and multi-level action to integrate HIV/AIDS into strategic planning is a key priority for all regions, regardless of their prevalence rates.

220. In terms of leadership and capacity development to address HIV/AIDS, initiatives focus primarily on the development of critical multi-stakeholder leadership capacities at the individual, institutional and societal level to generate breakthrough responses for reversing the course of the pandemic. It is interesting to note that in the Arab States, more outcomes were reported seeking to influence individual and community responses to address attitudes and practices that influence the spread of the pandemic. This could reflect the fact that in this relatively low-prevalence region it has been a priority to first break the silence surrounding HIV/AIDS by working with state and civil society organizations and local communities.

221. For all regions reporting on the advocacy and communication service line, most activities focus on developing advocacy and communications strategies to develop a deeper understanding of the pandemic and its underlying causes, and address issues of vulnerability, stigma and discrimination. This objective is being pursued uniformly in both high- and low-prevalence countries.

222. Analysis shows that in several regions HIV/AIDS programmes have worked across the service lines to create a synergistic response and take action. Notable examples include programmes in Cambodia, Ethiopia, and Ukraine. The Ethiopia programme aims at scaling up their multi-sectoral response to HIV/AIDS using the innovative approach, developed by UNDP, of engaging in community conversations, with a view to developing leadership for local and national action to combat HIV/AIDS. Similarly, the country office in Ukraine reports that the support provided in the area of HIV/AIDS, "a most critical problem for Ukrainians, is making the difference". Cambodia has reported breakthrough results under all service lines for HIV/AIDS, and has indicated interest in entering into South-South agreements with other countries in the region to share their expertise in implementing a nationwide response to the epidemic.

223. A key lesson is that countries that have implemented activities under all three service lines in a synergistic manner have been able to scale up programmes at national and district levels. This has resulted in governments, civil society and the private sector prioritizing HIV/AIDS, taking ownership of initiatives and engaging in multi-stakeholder partnerships to address the pandemic.

224. Another manifestation of the multi-sectoral nature of the response to the HIV/AIDS pandemic is the growing collaboration across UNDP practices to address specific needs. For example, the HIV/AIDS and poverty reduction practices are working jointly on a project in the crucial area of intellectual property and access to HIV/AIDS drugs. The project is building developing country capacity to access HIV/AIDS drugs sustainably in the context of the Trade-Related Aspects of Intellectual Property Rights and other intellectual property and trade agreements (bilateral and multilateral). Such cross-practice initiatives are likely to become more common in the future and may point to future service lines under the practice.

225. UNDP is playing an active role in multi-partner initiatives to respond to HIV/AIDS. This is evidenced in its role in relation to the Global Fund to Fight AIDS, Tuberculosis and Malaria. The Global Fund was created to dramatically increase resources to respond to three of the world's most devastating diseases -- HIV/AIDS, Tuberculosis and Malaria -- and to direct resources to areas of greatest need. UNDP is supporting implementation of projects financed by the Global Fund by developing the capacities of national stakeholders. In exceptional circumstances, where there is no suitable principal recipient, country coordinating mechanisms and governments have requested UNDP to assume this role to provide financial and programmatic oversight of grants from the Global Fund. In general, such an arrangement is temporary and UNDP provides the necessary capacity development support to local principal recipient candidates with the view that they will be phased-in to manage these functions. UNDP acts as principal recipient in 21 countries globally, with over 50 per cent located in Africa. The total contributions for which UNDP is performing the role of principal recipient amount to $338,750 million for the first two years of the Global Fund grants. UNDP support is enabling countries to scale up national responses to HIV, Tuberculosis and Malaria and to rollout treatment campaigns through the procurement of anti-retroviral medicines for people living with HIV/AIDS.

Driver-related findings

226. A key feature of all country action in HIV/AIDS is the strong emphasis, mirrored across all practices, on forging partnerships for results, with actors ranging from government, civil society and the private sector to donors and the international community at large. Country office results reports indicate that emphasis is being placed on enhancement of national ownership in the design and implementation of HIV/AIDS initiatives. This confirms the substantive evidence that UNDP support is moving towards broad-based, multi-sectoral responses to the epidemic rather than isolated, stand-alone projects. It further indicates that work at the country level is leveraging increased national ownership to ensure sustainability. This is evidenced by the fact that several governments are dedicating considerable national resources to support the HIV/AIDS response.

227. An interesting, and revealing, conclusion is emerging from analysis that shows a strong emphasis on developing national capacities in UNDP supported programmes in this practice. UNDP support to the Southern Africa Capacity Initiative is one example where capacity-development goals are being addressed within the context of coordinated multi-partner programmes. Two factors might explain why results pursued in the area of HIV/AIDS showed relatively stronger emphasis on capacity development than other practices.

First, the concentration of support was arguably more amenable to concerted capacity development efforts. Second, the bulk of the work in HIV/AIDS is explicitly associated with leadership capacity development at individual, institutional and societal levels. This clarity helps to make capacity development an essential feature of specific initiatives.

228. While overall support to the driver on gender equity in HIV/AIDS programmes is relatively high when compared to other practices, it is of some concern that, compared to the other drivers, it appears to be accorded a lower priority. Given the feminization of the HIV/AIDS epidemic, concerted efforts need to be made to generate a comprehensive approach that integrates gender concerns into HIV/AIDS strategies.

Practice architecture

229. The HIV/AIDS practice brings together staff members from all country offices and regions. In 2002, the HIV/AIDS practice had advisers in only two regions Africa and Asia; in 2004, the practice had policy advisers in all regions, 50 per cent of whom are women.

230. At the end of 2004, the HIV/AIDS practice had 132 registered practitioners within the organization, of whom 54 per cent were women. Leadership and capacity development is the best-resourced service line, registering 44 per cent of all practitioners, followed by development planning and implementation, with 31 per cent, and advocacy and communication, with 25 per cent. This distribution may suggest that UNDP needs to strengthen the capacity of staff in the areas of development planning and implementation, as well as in advocacy and communication.

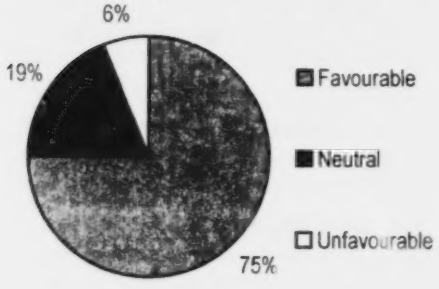
231. The regional distribution of internal UNDP expertise corresponds to country demand and the concentration of support. There are 58 practitioners supporting countries in the Africa region, followed by Asia and the Pacific, with 22 practitioners; Europe and the CIS, with 17 practitioners (71 per cent women); Latin America and the Caribbean, with 16 practitioners (56 per cent women); and the Arab States, with six practitioners, 83 per cent of whom are women.

232. Since 2002 the HIV/AIDS practice network has continued to grow, witnessing a 173 per cent increase in membership and a 20 per cent volume increase in the number of queries addressed. A larger percentage of queries are now cross-posted with other practice and knowledge networks than in previous years.

V. Organizational capacity, efficiency and accountability[30]

233. The ability of UNDP to deliver development results, on time and where needed, rests upon its efficiency and the quality of its people. To that end, UNDP has integrated its strategy for internal transformation with the development and advisory services outlined in the MYFF 2004-2007. UNDP now aims to further improve its capacity, efficiency and accountability by benchmarking itself to international standards based on similar organizations. UNDP is adopting the agenda set in the MYFF by implementing the practice approach; increasing access to learning opportunities; implementing a state-of-the-art ICT platform, including expanded implementation of the Atlas system; establishing regional centres; implementing new human resource policies; and enhancements in our oversight and accountability framework.

Figure 10. Has UNDP improved its overall efficiency in the last two years?



234. The Department for International Development (United Kingdom) recently carried out an assessment of the organizational effectiveness of 23 multilateral organizations, and UNDP rated highest. Organizations were rated on their systems and tools for corporate governance; corporate strategy; resource management; operational management; quality assurance; staff management; monitoring evaluation and lesson learning; and reporting along three dimensions: internal, country level and partnerships. UNDP scored 96 per cent on internal performance, 98 per cent on country-level results and 98 per cent on partnerships. It achieved an overall average of 94 per cent on a results-based-management system for assessing organizational effectiveness.

235. In the 2004 partnership survey, 75 per cent of partners perceived the operational performance of UNDP as satisfactory, while 7.5 per cent perceived the operational performance of UNDP as unsatisfactory. Among programme country governments, 84 per cent perceived the operational performance of UNDP as satisfactory. Furthermore, partners perceived

Box 12. Key findings from the global staff survey

- Eighty-two per cent of staff report that "UNDP's overall goals are clearly defined," an upward trend since 2000 (71 per cent).
- UNDP staff members are more optimistic about the future of UNDP and are highly likely to feel engaged in its success through the work that they do. 90 per cent of respondents agree that "my job contributes to the achievement of UNDP's goals".
- Staff are more positive about UNDP leadership at all levels, from direct supervision to senior management. 79 per cent agree that "I have confidence in the Resident Representative of my office".
- Seventy-seven per cent of staff report that "considering everything, I am satisfied with my job."
- Staff perceptions on skills utilization are on the rise, Seventy-three per cent report that," My job makes good use of my skills and abilities".
- The survey indicates accomplishments and areas where we still need to improve:
  - Empowerment: We need to continue streamlining our business processes so as to empower staff to make routine decisions; 62 per cent of staff report that, "I have considerable freedom of action without going to my manager/supervisor for permission".
  - Work-life balance: Only 55 per cent of staff members report that, "my job allows me to take care of family responsibilities as I would like" (vs. 53 per cent last year).

[30] *Measures*: Lead and lag indicators on various aspects of internal performance.

Sources of data: Partnership survey, balanced scorecard, global staff survey, knowledge management tools, Atlas, gender scorecard

Methodology process: The content of this section will be assembled from third-party (independent) assessments of UNDP performance; country offices reporting against lead and lag indicators of management performance; perceptions of staff members on internal transformation as captured in the global staff survey; and financial reporting generated through the Atlas system.

an improvement in overall efficiency over the past two years, as can be seen in figure 10, on page 58.

A. Organizational capacity and staff development

236. The perceptions of staff members offer a good insight into the process of organizational transformation. These are captured and analyzed through the global staff survey;[31] highlights for 2004 appear in box 12.

237. The aim in strengthening organizational capacity is to ensure that UNDP can deliver development results in an efficient way in line with international best practices, while maintaining our accountability. The UNDP practice approach is the basis for this. The key components of the practice approach are staff development and talent management; knowledge management and networking; and the provision of advisory services.

Box 13. Knowledge management and learning: two sides of the same coin

The virtual development academy has extended the accessibility of learning opportunities to an increasing number of country office staff members. The programme has distinguished itself over the past year by expanding the diversity of its participants, averaging a 50/50 gender balance, a high ratio of national staff members and the inclusion of staff from all UNDP funds and programmes, with representation from over 60 nationalities in each session. This trend has continued with the addition of participants from other United Nations organizations, including the United Nations Secretariat and UNICEF as well as external agencies such as the Dutch Development Agency and the European Union. In addition to content from leading academic institutions such as the London Business School, HEC in France, ESADE in Spain and the London School of Economics, the programme featured case studies from three countries, dozens of country project presentations and a new session on learning and knowledge management.

238. In order to deliver the results expected, UNDP has focused on attracting, developing, retaining and motivating a skilled, diverse and versatile workforce. Key human resource policies developed and implemented in 2004 supporting staff development included a gender and diversity policy with the aim to achieve a 50/50 gender balance for all professional positions by 2010[32] and a learning strategy including a learning management system. The resident coordinator assessment system was improved and recruitment practices and standards upgraded.

239. Staff learning is an integral part of the UNDP practice-based approach and results orientation. To provide all our staff members throughout the world with access to learning, the use of Internet-based solutions is essential. Virtual development academy enrolment doubled in size in 2004, offering more than 250 staff members training on the vision, directions and strategies of UNDP based on the MYFF, along with in-depth learning opportunities on how to become more effective development workers. Further, key learning events were doubled, offering leadership programmes for current and potential leaders through the Management Development Centre designed to enhance the leadership competencies of deputy resident representatives and middle managers. Further, programmes aimed at professionalizing UNDP staff by providing internationally recognized certification were developed and tested in the areas of procurement and project

Box 14. UNDP responding to a crisis: the Indian Ocean tsunami

UNDP responded quickly to the needs of countries affected by the tsunami. This response was underpinned by:

- Rapid reconfiguration of existing support mechanisms and deployment of human and financial resources to the tsunami area with a quick establishment of a task force to coordinate activities
- Efforts and provision of resources to strengthen the capacity in country offices to manage and coordinate the relief and reconstruction efforts based on rapid assessments
- Networks; practice experience map; 450 staff members volunteered to support the tsunami efforts
- A pro-bono agreement was reached with Deloitte-Touche to provide on-site advisory support to affected country offices in the areas of project management and financial management to ensure accountability and transparency

[31] The global staff survey measures staff perceives as the organization's strengths and weaknesses

[32] The share of female staff members in senior positions (P5 and above) at the end of 2004 was 32 per cent

management. These will be rolled out to the UNDP country offices during 2005. Finally, a United Nations global programme on security training has been implemented across the organization.

240. In order to support the priority of staff development and talent management the practice experience map was introduced. The practice experience map is an internal management tool that allows all UNDP staff members, irrespective of current functions, to define their levels of competency in all the UNDP service lines. This will enable UNDP to develop training strategies for staff members and to use its own human resources as internal consultants in assignments and missions on behalf of programme countries, as was the case of the response to the Indian Ocean tsunami disaster.

241. The senior management team approved a knowledge management roadmap in 2004 defining the way forward with regard to knowledge management in UNDP from a corporate perspective. This effort was aimed at complementing knowledge management initiatives already underway in headquarters, regions and country offices. The roadmap defined five interrelated areas of work addressing content management, networks and communities, staffing policy, systems and collaborative tools and improved infrastructure. Progress to date includes consolidation of the consultant rosters, initiation of the development of a global project database, and establishment of a management practice as well as new country office and thematic networks, and strengthening of communities of practice at regional level.[33] UNDP also engaged a panel of four leading experts on knowledge management, which examined all aspects of the UNDP knowledge management networks and made recommendations for improvements. The panel concluded that the work undertaken at UNDP was 'best-practice'.

242. Finally, security is being mainstreamed as an enabling mechanism integral to all operations and programmes. A major overhaul of United Nations system-wide security, with UNDP playing an active role, was undertaken following the bombing of the United Nations headquarters in Baghdad in 2003. Roles and responsibilities were clarified and partnership with the United Nations Department of Safety and Security established; United Nations houses and headquarters security were improved including staff preparedness, communications, emergency response, recovery and provisions for business continuity; and services to the United Nations system were provided including strengthening of the management of 130 field security coordination officers. Minimum operating security standards compliance in UNDP country offices was a major priority in 2004. More specifically, challenging security requirements were addressed in Afghanistan, Côte d'Ivoire, Guyana, Iraq, Jordan, Kuwait, Lebanon, Liberia, Nepal, Saudi Arabia, Syria and Togo; and as a response to the tsunami incident, in Indonesia, the Maldives and Sri Lanka.

B. Efficiency to deliver results

243. United Nations reform influences not only our programming processes but also our operational processes. UNDP actively supports simplifying and harmonizing the processes and procedures across the different United Nations organizations with the aim of lightening the burden on partner countries and reducing the transaction costs of our interventions. In 2004, some examples of progress in this area were the implementation of the harmonized programme modalities and tools; the increased used of common services; the development and subsequent roll-out of a resource transfer framework facilitating joint programming and reducing the burden on partner governments; and efforts under way to establish two pilot United Nations joint offices.

244. The largest ongoing change initiative in UNDP is the Atlas system, which went online on schedule in every country office in January 2004. Atlas integrates financial, project and human resources information and processes across UNDP. Atlas enables UNDP to retire some existing systems and scale back the use of others, many of which have functioned inadequately, were poorly integrated and were increasingly costly to maintain. The development of Atlas is the result of collaboration within the United Nations system, involving UNDP, UNFPA and UNOPS, with the active partnership of UNHCR. It is an important step towards the open, networked and knowledge-driven organization that UNDP intends to become. The introduction of Atlas has enhanced financial accountability and transparency throughout the organization. UNDP is moving towards

[33] Four thousand five hundred and four UNDP staff members are members of at least one of the six practice-based knowledge networks

more web-based systems and tools such as the online advisory committee on procurement, and the development of an online guide giving staff members easy access to comprehensive policy guidance. Together with an effort recently started to benchmark and support country offices to meet international certification standards, Atlas will improve the ability of UNDP to serve its partners in programme countries with greater efficiency and better performance.

245. To assist the UNDP country offices in managing change, a toolkit has been developed integrating the organizational change initiatives in UNDP that are aimed at strengthening its position as an effective, professional, and reliable partner in delivering development results. It offers approaches to dealing with an array of ongoing change initiatives, including Atlas, knowledge management and United Nations reform. The toolkit builds upon the extensive experience of UNDP in managing change and capitalizes on actual country experiences and best practices.

246.To support development efforts at the country and regional levels, UNDP consolidated and strengthened regional capacities in the newly established regional centres. In 2004, centres were established in Bangkok, Bratislava, Colombo and Johannesburg. In addition to policy advisory services within the development practices, with regional programme management functions and services shared region-wide, the regional centres are being strengthened with management services deployed to enhance the capacity and performance of country offices. They bring the development practices to the regions as before, but also regional programming and management practices. This will enable country offices and programme countries to access UNDP capacities in a more timely, efficient and demand-driven manner. The regionalization process is ongoing and will enhance the decentralization of functions and services to the regions.

C. Maintaining accountability

247. UNDP is accountable for delivering development results in an open and transparent manner, maintaining the integrity of the organization. Internally, this is reflected in the way UNDP manages for development results holistically at all levels and throughout all processes. Accountability for results is maintained through its planning and reporting systems, including the present MYFF report; the development results planning and reporting process; the 'balanced scorecard'; evaluations; the expanded internal audit approach; improvements to the internal justice system; and the corporate surveys.[34] At the individual staff member level, UNDP is utilizing a results-based planning and assessment approach.[35]

248. Corporate oversight mechanisms are being strengthened through the oversight sub-group of the Executive Team and the revision of the terms of reference of the Management Review and Oversight Committee to oversee the effective, efficient implementation of internal and external audit recommendations as well as to start institutionalizing risk management.

249. The expanded audit approach, introduced on a pilot basis in late 2002 and finalized in 2003, is now operational. Within this initiative, the Office of Audit and Performance Review initiated a repositioning exercise resulting in the creation of a dedicated investigation section; the creation of an audit quality assurance function; and the establishment of programme audit positions to increase the audit teams' capacity to perform substantive assessments of development activities.

250. Improvements in the internal justice system included implementation of the policy on disciplinary procedures adopted in 2003, setting out the rights and obligations of the administration and staff members in the investigation and processing of disciplinary cases. While the global staff survey shows that we have made major progress in this area over the past six years, it also confirms that there is more to do. The Ombudsperson's report for 2004 was helpful in detailing the key issues, and since its release UNDP has addressed many of them, such as improving the resident representative/resident coordinator assessment, updating our performance assessment approach for all staff, and strengthening our human resource policies.

[34] Corporate surveys in UNDP are the partnership survey, global staff survey and the Headquarters products and services survey.

[35] The Results and Competency Assessment.

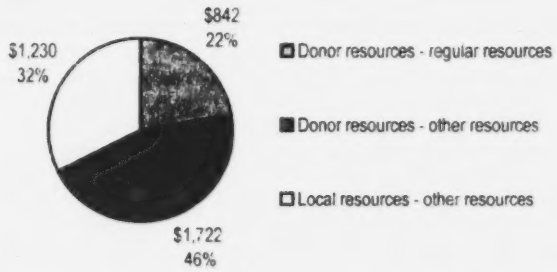
251. A new, strengthened internal control framework has been implemented, outlining the different roles and accountabilities in finance, procurement and human resources consistent with Atlas and the new financial regulations.

VI. Expenditures in 2004[36]

A. Resources

252. UNDP is a multi-funded organization that has witnessed strong overall growth in resource contributions over the past five years, from $2.4 billion in 2000 to a record high $3.8 billion in 2004. UNDP continues to maintain the upward trend in regular resources, with 2004 contributions amounting to $842 million, which represents a $72 million – or 9 per cent – increase over 2003. Similarly, other local resource contributions grew by $164 million – or 15 per cent – during 2004, to over $1.2 billion. Other donor resource contributions, in contrast, grew by 45 per cent – or $534 million – to over $1.7 billion. This large increase is primarily due to contributions received during 2004 that were earmarked for donor-financed cost-sharing activities.

Figure 11. Funding mix (in millions of dollars)



B. Programme expenditures, by source of funding[37]

253. Programme expenditures in 2004 totalled $2.8 billion, of which $498 million was spent on programme activities funded from regular resources, primarily in least-developed and low-income countries. Programme activities funded from other donor resources (third-party cost sharing and trust funds), and local resources (government cost sharing), reached expenditure levels of just over $1.18 billion and $1.11 billion, respectively (illustrated in figure 12, next page).

[36] *Measures.* Global targets for resources as established in the MYFF for 2004-2007.

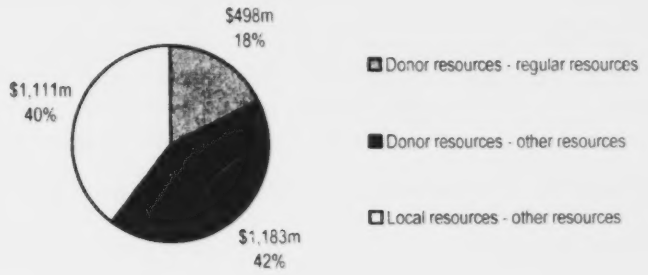
Sources of data. Preliminary financial data was aggregated out of UNDP's enterprise resource planning system (Atlas). Mapping of project-level information to Practices was completed by UNDP country offices.

Method of analysis. Financial analysis was performed by UNDP finance specialists at headquarters.

All financial data as of 20 April 2005.

[37] Programme expenditures by practice, service line and source of funding are available at: http://www.undp.org/execbrd/pdf/expenditures.pdf.

Figure 12. Programme expenditure in 2004 by source of funding (in millions of dollars)



254. Programme activities funded from donor resources (regular and other) during 2004 totalled $1.68 billion, exceeding the annualized target suggested in the MYFF by $122 million, or eight per cent. Programme activities funded from local resources during 2004 ($1.11 billion) exceeded the annualized 2004-2007 MYFF target by $172 million, or 18 per cent.

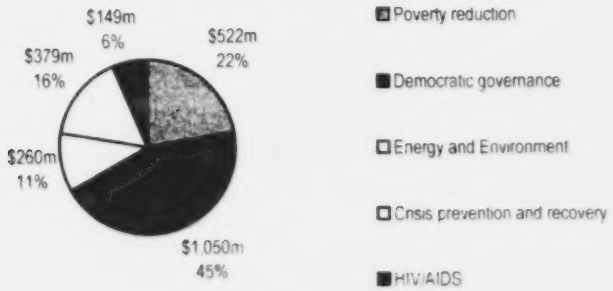
255. It is worth noting that all three sources of funding for 2004 programme expenditure reflect increases when compared to corresponding 2003 levels. Programme activities funded from regular resources increased by $88 million, or 21 per cent, while programme activities funded from other donor resources increased by $278 million, or 31 per cent. Programme activities funded from local resources increased by $81 million, or 8 per cent.

256. The upward trend in programme activities funded from regular resources is expected to continue, with the goal of achieving the 2004-2007 annualized MYFF target of $622 million in 2006. The large increase in programme activities funded from other donor resources is attributed to cost-sharing activities. Programme activities funded from local resources remain highly concentrated in 10 countries in the Latin America and the Caribbean region.

C. Programme expenditures, by practice

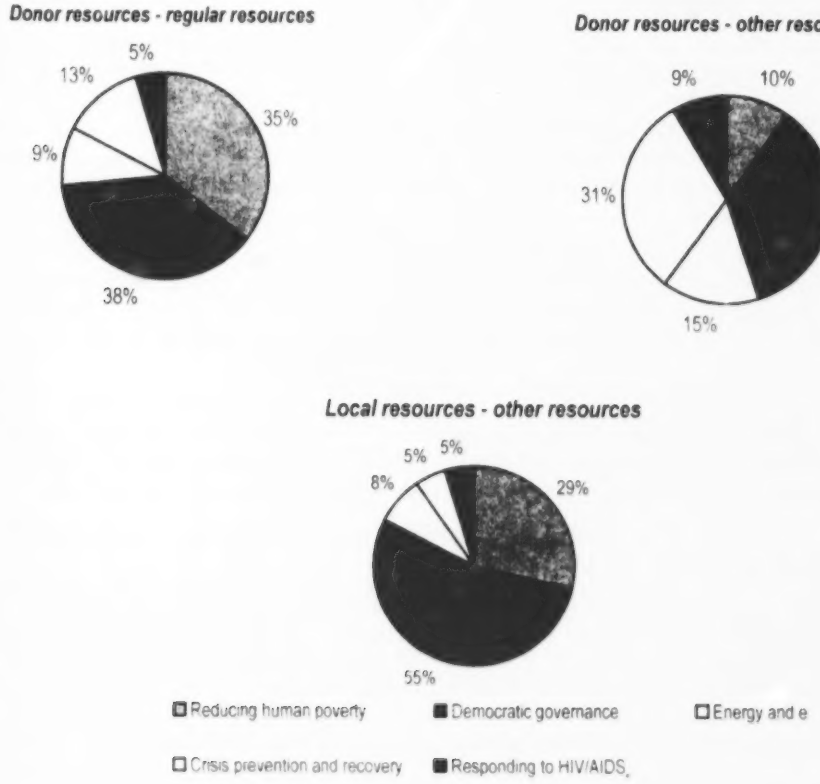
257. When considering aggregate 2004 programming expenditures that are linked to practice areas ($2.36 billion), the largest share of programme resources ($1.05 billion, or 44 per cent) is spent in the area of fostering democratic governance – more than twice as much as in the second largest area, achieving the MDGs and reducing human poverty ($522 million, or 22 per cent). See figure 13, below.

Figure 13. Programme expenditures in 2004, by practice (in millions of dollars)



258. When considering the three sources of funding, it becomes apparent that there are sharp differences in the level of financing within each practice area. Programme activities funded from regular resources are most concentrated in fostering democratic governance (35 per cent) and achieving the MDGs and reducing human poverty (39 per cent). Programme activities funded from local resources reflected 55 per cent expenditure in the democratic governance area and 28 per cent in achieving the MDGs and reducing human poverty. Programme activities funded from other donor resources were most concentrated in the practice areas of fostering democratic governance (35 per cent) and crisis prevention and recovery (31 per cent). (Please refer to figure 14, below.[38])

Figure 14. Programme expenditures in 2004, by practice and source of funding (in millions of dollars)



D. Programme support, management, administration and support to United Nations operational activities

259. A measure of financial efficiency can be calculated by dividing programme support plus management and administration expenses ($340 million) by programme, programme support plus management and Administration costs ($3,133 million). This ratio is 11 per cent for 2004, which is lower than the ratio suggested by the MYFF (12 per cent).

[38] For further details, please see annex 1, available at the url address in the table of contents.

260. Programme support expenses are estimated to amount to $256 million for 2004. This is within 5 per cent of the target of $264 million set in the MYFF. Of the $256 million, 80 per cent derived from donor resources and the remaining 20 per cent from local resources.

261. Management and administration expenditures from donor and local resources are estimated to amount to $85 million, which is about 5 per cent higher than the corresponding target set as the 2004-2007 target of $81 million.

E. Resource prospects for 2005 and beyond

262. UNDP remains a multi-funded organization that continues to experience increased growth in its resource base. However, regular resources provide UNDP with its all-important funding base, especially with respect to its country presence and country-driven focus. Regular resources also provide the UNDP country platform to support the United Nations system and the resident coordinator functions. While UNDP experienced solid growth in regular resource contributions during 2004, and will most likely do so in 2005, significant increases will nevertheless be required during 2006 and 2007 if the $3.8 billion 2004-2007 MYFF target is to be achieved.

VII. Conclusions

263. This report has discussed the progress in achieving MYFF 2004-2007 objectives, providing a basis against which results can be tracked and assessed over the current MYFF period. As agreed with the Executive Board, the report provides performance information that is succinct, analytical and organized to enable the Board to monitor, assess and provide guidance on key strategic objectives such as programme focus, programme positioning and results; the coordinating role of UNDP; and organizational strategies for achieving MYFF objectives. The reporting approach embodied in this document invites the Executive Board to judge the organization's performance and to exercise accountability that extends beyond the efficient use and protection of the assets of UNDP into measuring its contribution to development results.

264. At the same time, the report is inspired by the fact that the Executive Board confirmed the MYFF as the key policy document and strategic resource and management tool for UNDP. Building on the integrative nature of the framework, the report presents substantive information about programme results and the drivers of development effectiveness and also assesses internal performance issues, together with the UNDP role in partnerships and coordination. These pillars of the reporting framework provide the basis for UNDP to use results information in making strategic management decisions and for organizational learning and oversight, thereby strengthening accountability and results orientation at all levels of the organization.

265. While fully cognizant of the challenges ahead, UNDP considers that the present report provides evidence of considerable progress towards the transformation of the organization. It suggests that UNDP is becoming more focused, has made its programmes at the country level more effective and relevant to national priorities, and is increasingly aligning its resources towards that end. It is hoped that these achievements will be matched by continued and strengthened support to the UNDP from donor and programme countries alike.

266. The Administrator looks forward to the discussion and feedback from Board delegations concerning this report on UNDP performance and results.